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DEPARTMENT OF THE INTERIOR AND RELATED
AGENCIES APPROPRIATIONS FOR 1999

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HEARINGS

BEFORE A

SUBCOMMITTEE OF THE

COMMITTEE ON APPROPRIATIONS

HOUSE OF REPRESENTATIVES

ONE HUNDRED FIFTH CONGRESS

SECOND SESSION

SUBCOMMITTEE ON THE DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES

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U.S. Department of Agriculture

Secretary of Agriculture

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DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATIONS FOR 1999

Thursday, March 19, 1998.

U.S. DEPARTMENT OF AGRICULTURE

WITNESS

HON. DAN GLICKMAN, SECRETARY OF AGRICULTURE

[Pages 4 - 7--The official Committee record contains additional material here.]

Mr. Regula. Well, this morning we are pleased to welcome the Secretary of Agriculture, the Under Secretary, and the Chief of the Forest Service.

Mr. Secretary, welcome, and in the interests of time, your statement and all of the statements will be made part of the record. We would be pleased if you would summarize for us.

opening remarks

Secretary Glickman. Thank you, Mr. Chairman.

I have with me, of course, our Under Secretary, Jim Lyons, who has been before this committee many times and the chief of the Forest Service, Mike Dombeck, who is here helping me out, and who will testify later in more detail about the substance of our proposals.

First of all, let me just say this is the second time I

have been before this subcommittee, these relates to the priority I place on the Forest Service. One-third of our department's employees work in the Forest Service. It is not generally understood how significant a piece of USDA the Forest Service is. The Forest Service programs make up about one-sixth of our discretionary programs in terms of spending. We operate, as you know, nearly 200 million acres of publicly-owned land. The agency affects millions of people's lives each year, we think in a very positive way. So, this is important to me and to the administration, and we appreciate your personal interest in this.

There is no question that the Forest Service issues are highly controversial. Of course I come from Kansas--we have a grassland in Kansas, but trees are not our most productive growing item in the State of Kansas, as opposed to State like Washington and Colorado which have a combination of forests and croplands, and Ohio as well.

Mr. Regula. Some.

Secretary Glickman. We have other very important things in Kansas, but the irony is that the vigorous public debate on forest and forestry issues is perhaps the toughest part of the issues I face as secretary. So often, there are such polarizing views as to which direction we ought to be going in this area, and reasonable people can differ as to how the Forest Service ought to go.

I would have to say that a major part of the Forest Service's job in its history is initiating change, dealing with controversy and managing change. Last year, we gave Mike Dombeck the top change job at the Forest Service, and I have asked him to move forward with a natural resource agenda based on sound science and collaboration with the public to lead the agency into the Twenty-First Century.

Again, Mike came on, I assume, knowing that this job would not be without differences of opinion and controversy, but I think he has handled it exceedingly well.

Mr. Regula. You mention that the northwest has the forests, but all 50 states have the consumers and the owners.

Secretary Glickman. That is correct and the taxpayers.

Mr. Regula. And the taxpayers.

natural resources agenda

Secretary Glickman. Yes.

The new agenda is in place, and our budget request supports the aspects that we believe are important for the Forest Service. There are recreation, clean water, sustainable forestry and a sound forest roads policy. One aspect, the roads initiative, has been especially controversial. But, as I said, I encourage the debate and public participation, which is why we are holding 25 public meetings all over the United States. In the end, I have no doubt that the debate will produce a modern, adaptable transportation strategy that will meet the needs of everyone who relies on the hundreds of thousands of miles of roads inside our forests.

Overall, we are requesting \$2.6 billion for the Forest Service discretionary appropriation. This is a minimal increase over this year's appropriation, but there are some important

components. If I might just summarize, one is watershed restoration. More than half the water in our nation falls on and flows through our national forests. More than 900 communities depend on forest land watersheds for their source of drinking water. That is why we continue to place a very high priority on protecting our water quality and our watersheds on forest lands. Doing so has been the Forest Service's responsibility since the very beginning, but it is one that we take with increasing seriousness.

The Forest Service budget has \$69 million for watershed restoration, which will pay for repairing damaged fish habitat, preventing soil erosion from roads and other sources and restoring riparian and wetlands areas. These activities will help turn degraded and threatened watersheds on forest lands back into healthy headwaters of our nation's water supply.

Moreover, our state governments are fighting an uphill battle to curb non-point source pollution, which poses serious water quality problems all over the U.S. The \$69 million we are requesting will go a long way to assure that our forests are a part of the governors' solutions, not part of their problems.

The second area is sustainable forest management. Congress and the administration share a commitment to improving forests and promoting their sustainable management. I ask that you support our 1999 budget request to continue the progress we have made in reducing fuel loads, thinning overstocked stands, managing vegetation, reintroducing fire to the landscape and revising expiring forest plans to incorporate the latest science and forest management practices.

receipt-sharing payments

We are turning the corner on restoring our forest resources, and our budget will help us move in this direction. One important proposal in this budget is our decision to increase and stabilize payments to counties. For more than 80 years, counties have depended on receipts from Federal timber sales, grazing fees and mining revenues to fund a significant share of school budgets and road budgets. Over the last 8 to 10 years, these receipts have been falling for a variety of reasons, including a reduction in the amount of timber cut on Federal lands.

But school children and rural transportation systems should not suffer as a result of that. Our budget proposal recognizes and continues the strong historic relationship we have with rural communities by proposing to give counties the higher of their 1997 payments or 76 percent of the payments they received between 1986 and 1990. Nationally, this would provide them a \$37 million increase over the 1997 payment level.

The third item is recreation.

Mr. Regula. What is the offset on that? You have to pay for that somehow.

Secretary Glickman. Where is this coming from? It is just part of the whole package.

Mr. Regula. I know, but there has to be some source of revenue to pay these counties, since it is not going to be from cutting and selling trees.

Secretary Glickman. I am sorry; it comes from other USDA

programs.

Mr. Regula. Outside of the Forest Service.

Secretary Glickman. Outside of the Forest Service, some come from the cotton Step Two program, and some comes from the Export Enhancement Program.

Mr. Regula. Does your testimony outline those sources?

Secretary Glickman. Mine does not. I do not know if the other statements do that, but they come from other USDA programs.

Mr. Regula. I think we would want to know the specifics on that, because we are asked to approve the outlay side, and some other committee would have to approve the increase in fees, I assume.

Mr. Lyons. We can provide you the details on that, Mr. Chairman.

[The information follows:]

[Pages 12 - 13--The official Committee record contains additional material here.]

Mr. Regula. Yes, I would like that.

Mr. Lyons. The legislation that provides this authorization is forthcoming.

Secretary Glickman. In one case, it would require legislation. In the other case, it is an appropriation item. We will get you that information in the next two days.

Mr. Regula. Okay; thank you.

recreation

Secretary Glickman. The third major priority is recreation, and that is recognizing that the forests will host 1 billion visitors each year--obviously, many are multiple users. More and more of us like to enjoy the beauty of the forests enjoy a variety of recreation activities, such as hiking, biking, fishing, hunting, skiing, camping and other interests. Congress and the administration have cooperated on this through the Recreation Fee Demonstration Program, which will be fully operational on 100 project sites in 1999.

The public likes knowing that the fees that they are paying are being invested into their favorite campsites or trails to make them better. While these fees are extremely useful, they are not enough, which is why I ask you to support our budget increase of \$20 million, bringing the total recreation management program to \$190 million. We also propose \$63 million for the land, water and facility restoration initiative, which will mean improved recreation water systems, more trails, and cleaner campgrounds.

roads

Our policy initiative on roads is also supported by the budget. Few natural resource issues in recent years have captured as much attention and public scrutiny and debate and controversy as the whole issue of the National Forest road system. Forest roads are an essential part of the transportation system in many rural parts of this country, and they provide recreational as well as economic opportunities.

But we simply have more roads than we can afford. With over 380,000 miles of roads in the forests, we can circle the globe 16 times, and we have a maintenance backlog currently estimated at \$10 billion on just 20 percent of these miles. To help address this problem and improve the public's access to the forests, we propose to increase road maintenance funding by 26 percent and road reconstruction and construction funding by 9 percent, with an emphasis on restoration of degraded roads to achieve public safety and watershed health objectives.

In addition to that, we also need to have a broader transportation strategy for our national forests. We cannot afford to keep building roads without having a broader strategy in place that the entire agency follows in making decisions on where and when to build more roads. Creating this strategy is going to take time and require much public participation. I strongly commend and support the chief for initiating this debate, and I know that he is going to comment more on this issue during his testimony. You may have specific concerns that you would like to discuss with him.

civil rights

Finally, I would like to just mention the issue of civil rights, because one of the primary issues involving the Department of Agriculture right now is an effort to address long-neglected civil rights problems within USDA. Congressman Nethercutt has heard me talk a little bit about this in the Ag Appropriations Subcommittee. As secretary, I am committed to ensuring the civil rights of USDA's customers and employees are upheld. Every customer and every employee must be treated fairly and with dignity and respect. There are no exceptions to this.

In its history the Department of Agriculture has not demonstrated a total and complete commitment by all of its agencies to deal with civil rights problems. All parts of the department, including the Forest Service, have had an unacceptably high level of employee and customer complaints arising out of civil rights issues.

The Forest Service is the largest employer in the USDA, and its employees deal with a large and diverse constituency. So, I fully expect this Forest Service, no less than any other agency within USDA, to devote the necessary time, staff and resources to deal with this problem.

In closing, I would say that I believe that the Forest Service has a clear, broad-based natural resource agenda based upon watershed protection and protection of the water supplies; sustainable forest management, which relies on a prudent but sustained level of harvest; and recreation. This is a resource agenda built on a foundation of science that is sensitive to the needs of local communities. We think this budget provides resources necessary for the Forest Service to begin fulfilling that mission.

I thank you very much, Mr. Chairman.

[The statement of Secretary Dan Glickman follows:]

Mr. Regula. Thank you. As I understand it, you would like to get out sometime shortly after 11:00.

Secretary Glickman. If possible.

Mr. Regula. If possible.

Secretary Glickman. Yes.

Mr. Regula. We will try to get around to all the subcommittee members.

forest service mission

Do you feel that the Forest Service has clearly delineated its mission looking into the next century given the fact that historically, it produced fiber initially? Then, you moved to a multiple use, and now, you have a moratorium on the roadless areas, which would seem to be moving in a direction of nonusage. If you have a clear mission, do the 36,000 employees understand what it is? I sense that there may be some transition within the personnel of the Forest Service.

Secretary Glickman. I believe that the chief has created and articulated a clear mission for the future of the Forest Service, and it is a multiple use mission, notwithstanding the recent controversy about roadless areas. I do not think that this modifies the basic mission that I talked about in my statement, and I do believe that the Forest Service is in a period of some transition. I think its mission today is probably somewhat different than it was 20 years ago and 30 years ago. It is not entirely, because it always provided recreation and always was involved in the protection of resources, but I think it was more focused on the timber cut and less focused on the other things.

I think the Chief has articulated a balanced mission. I think there are some folks out there who do not like that. I think there are some folks who like the historic mission, which was largely more harvest-focused and less focused on watershed protection and recreation. I think there are some folks who believe that there is an ideological agenda at the Forest Service which is not based on sound science. I disagree with that. I think that Mike is a competent, able public servant who has spent a career dealing with land management issues.

So, the best I can tell you is yes, I think there is a clear mission. Does everybody understand it? Probably not yet. Does everybody agree with it? Probably not yet. But, you know, that is one of the reasons why we are moving in this direction.

timber

Mr. Regula. Do you envision the future to include the production of fiber? If you note, 8 or 10 years ago, we were providing for an allowable cut of 12 billion board feet in the bill. Last year, it was less than 4 billion board feet. What is the right number, given the fact that we are producing about 20 billion board feet annually?

Secretary Glickman. Let me just say that the answer to that question is yes. I certainly think that the production of fiber is part, a very key part, of the mission of the Forest Service. I would ask Under Secretary Lyons to respond to the question of what the cut ought to be.

Mr. Lyons. Well, Mr. Chairman, as you know, a decade ago, we were harvesting upwards of 10 billion board feet per year, and I think one of the unintended consequences of that was the adverse resource effects that we are now trying to address through the Chief's agenda and through the budget that we present to you. We have learned more about the critical need to address watersheds and watershed health. We have an extensive road system that supported that higher level of harvest. Unfortunately, we did not have the funds to be able to address the maintenance needs and the reconstruction needs on those roads. We are trying to tackle that issue.

We are trying to move in directions that have a sustainable harvest, but quite candidly, I think that decision, what is sustainable, what is the right number, is a local decision. It has to be made by forest managers on the ground, understanding the multiple use mission they have and trying to produce what is both sustainable from the standpoint of fiber production and what will meet the need for goods and services from the communities.

Secretary Glickman. This budget assumes a cut of roughly about 3.5 billion board feet, I think.

Mr. Lyons. Yes, and that is fairly consistent with what we have presented in the last few years.

road moratorium

Mr. Regula. But you are saying it ought to be a local decision, but you put a moratorium on establishing roadless areas as a national policy. If it is a local policy, should that not be a local decision?

Mr. Lyons. I would like to address that, Mr. Chairman.

I think ultimately, that is a decision that will be addressed on a local basis. What Chief Dombeck has proposed, and I am sure he can give you much greater detail, is a time out on entry into roadless areas, so as to assess the implications and the impacts of entry. It is not a decision to stop all entry permanently but rather a proposal.

Mr. Regula. Wait a minute; a proposal for a moratorium?

Mr. Lyons. Yes.

Mr. Regula. So, it is not in effect.

Mr. Lyons. Correct.

Mr. Regula. When do you anticipate it would be in effect?

Mr. Lyons. We actually have a proposal out for public comment now, Mr. Chairman. That is what is being reviewed. I think Mike can give you the details on that.

There is one point I wanted to make, though, because I know you made the comment in your initial remarks that that might infer in some way a decision not to continue a commitment to fiber production. I would point out that this proposed moratorium would only affect 100 million board feet of timber this year, according to current data, which is less than 1 percent of the Forest Service's total program. It is not in any way meant to indicate a lack of commitment to fiber production. To the contrary, it is meant to indicate a commitment to better understand how we can produce fiber on a sustainable basis and minimize impacts in other areas. But I would let Mike address the specifics on the proposal, if I could.

Mr. Regula. Well, the one concern I have is that yes, it is 100 million board feet but if you have a little mill that is in that area, you have not proposed to give the local management any discretion. It could have a very serious impact on a community, even though, in the big picture, it is only the 100 million.

Mr. Lyons. Well, this is the reason for the extensive public hearings that are underway now, public meetings to discuss this proposal as well as the fact that it is out for comment, so that we can understand implications and see if adjustments are necessary.

Mr. Regula. So, you could contemplate modification of this to be sensitive to local needs. Would that be a fair statement?

Mr. Lyons. Well, we are going to collect all comment and then make a determination based on that comment, as we should through the rulemaking process.

Mr. Dombeck. There are a couple of points that I want to emphasize on the moratorium. The temporary suspension of road building deals only with roads and not with the projects that the roads would access. In many cases, we have gotten information from the forests. There are many projects that we initially had anticipated might not move forward that we now believe can be accomplished because they might have alternative access such as by means of helicopters.

Mr. Regula. Do you mean projects for sale?

Mr. Dombeck. Timber sales?

Mr. Regula. Yes.

Mr. Dombeck. They would include timber sales, thinning, and other projects in some places where they have found that helicopter logging may be an option. We know it is less economic, but if it precludes the need to build a road, it also precludes the need to maintain the road decade after decade.

So, we are only talking about road building and reconstruction, and the other thing I want to emphasize is that this is a proposal. We have a 60-day public comment period. There are 25 meetings that we have formally announced through the Federal Register process. In addition, we have added more public meetings based upon requests from either members of Congress or from individual communities.

All of the information is on the World Wide Web, and our effort is to get as much of this information out as possible, because there are a lot of misunderstandings about the issue. For example, an essential part of the proposed temporary suspension of road building is based upon economics. Entering these areas is very expensive for us. Sales in these areas are appealed and litigated, and the failure rate is much higher than sales in other areas. I believe that if we can direct resources to other areas, it is certainly more efficient from the standpoint of the business management side of things.

The other point is that we have a road system of approximately 380,000 miles. With the backlog that we have in reconstruction and maintenance, it is tough to justify building more.

economic effects

I would also like to respond to your point about the 100 million, and yes, even if you only lose one job, if it is your

job----

Mr. Regula. That is right.

Mr. Dombeck [continuing]. You are out of work.

We understand that, and we would hope that as we assess the impacts on local communities specifically, that we could direct other types of opportunities there such as efforts to increase the maintenance and reconstruction of roads by contractors and other kinds of things. We will be looking for every option to soften the effects of this as much as possible.

Mr. Regula. Do you have a policy of privatizing your construction and maintenance needs as much as possible?

Mr. Dombeck. The construction and maintenance is done in a variety of ways. For example, Lemhigh Colony in Idaho does it for us through contract. I believe the largest portion of it would be done by contracting with local contractors.

Mr. Regula. Well, I have a number of other questions, but I want to allow the other members the opportunity to ask their questions.

Secretary Glickman. Could I just make one other point? One of the nice things about USDA is the fact that we have a very large rural development function. We work with water systems, sewer systems, and business development, and we have instructed our rural development folks to work with the Forest Service so that if, in fact, decisions are made which affect jobs or livelihoods, then, we can bring the resources of the entire Department of Agriculture as well as the Government to try to soften the blow.

There are a lot of things that we can do.

Mr. Regula. Yes; I will have more questions on the moratorium.

One last one: are you going to meet the targets for the allowable cut for 1998?

Mr. Lyons. Yes, we will meet our budget targets.

Mr. Regula. Mr. Skaggs.

Mr. Skaggs. Thank you, Mr. Chairman.

Good morning. While we have the Secretary here, I wanted to take advantage of his particularly distinguished service in this place as chairman of the Intelligence Committee to----

Secretary Glickman. Scary.

intelligence data

Mr. Skaggs. It was a scary time; you are right, Dan.

I have been doing a survey with all of our witnesses about the usefulness of costs and benefits of the effort that the USGS manages for all of the public lands agencies in making intelligence products available for their purposes, whether it is forest fire management or erosion control, whatever it may be. I figured you might have a particular interest in that, given your work up here, and I wanted to get a Forest Service and, for that matter, departmental read on what you have been able to take advantage of from your involvement in that interagency process.

Secretary Glickman. Mike, do you want to answer? Are you involved in this process?

Mr. Dombeck. I am not sure of the specific process, but we meet regularly with the U.S. Geological Survey. I have been in

dialogue with Pat Shea to try to pull together all of the remote sensing resources in the most efficient manner that we can.

Secretary Glickman. Go ahead.

Mr. Lyons. I was just going to point out that I also oversee the Natural Resources Conservation Service, and they have been involved in this whole Federal information effort to try to capitalize on remote sensing data. This includes information that is already available as well as the information that has been gleaned from the Defense Department which has been released from a secure status. This has amplified our ability to make projections with regard to resource needs, forest health and the like.

So, there is a unified Federal effort to try to use this information to the best of our ability.

Mr. Skaggs. What I am trying to do, department or agency by agency, is to establish as concrete a record as possible about the usefulness of this, particularly in terms of early warning or other risk assessment that has enabled, in this case, the Forest Service or more broadly the department, steps to have been taken that save us money.

Secretary Glickman. Yes; from a general department perspective, you know, much of the satellite data that we use is not intelligence-related such as crop predictions. Of course, we work with intelligence agencies on reporting conditions within various countries such as crop reporting, weather, and other kinds of things. But I would have to get back to you with more specific information.

[The information follows:]

The Forest Service has participated in the Civil Applications Committee (CAC) since it was first chartered in 1975. We have worked through the CAC to develop a broad range of applications using intelligence data and products to augment and supplement commercial and other government imagery sources. Our original use of these assets was, with the U.S. Geological Survey (USGS), to support topographical map revisions of National Forest lands. Over the years we have expanded our use of these systems to support a broad range of natural resource conservation and ecosystem management applications. These applications have included disaster preparation, mitigation, response, and recovery associated with wildland fires, floods, landslides, hurricane, tornadoes, insect and disease outbreaks, and drought. Agency missions and mandates have also benefited by the use of National Technical Means (NTM) data for natural resource inventory and monitoring, and development of conservation measures, and land management support.

In 1995, the Government Applications Task Force conducted a series of eight pilot projects to test the use of classified data to support civil agency missions. These projects led directly to the convening of renowned scientists in a collaborative applications effort. Two examples of these applications groups is MEDIA and Environmental Programs. The Forest Service has participated in these programs, sponsoring a pilot study on the detection of changes in alpine forests as an indicator for global change detection. More recently, the Forest Service has supported the Imagery Derived Product (IDP) program, which will provide unclassified data sets to support specific needs of critical agency programs. This year, the Forest Service was selected to participate in a cost-sharing initiative to create and establish

automated and semi-automated IDP techniques and processes, and develop IDP production capabilities.

For several years, national imagery systems have been successfully used to protect lives, property and natural resources from the ravages of wildland fire in the United States. These systems augment conventional airborne fire mapping systems operated by the Forest Service. In cooperation and coordination with the National Interagency Fire Center (NIFC) located in Boise, ID and the National Imagery and Mapping Agency (NIMA), Disaster Response Team, requests for support are forwarded through the CAC to produce maps showing areas of active fires and intense burns. Once the fires are contained, IDPs are used to help in burned area emergency restoration efforts. In 1997, large fires raged in Alaska requiring the effective use of fire maps produced from national imaging systems.

Wildfires have recently created one of the worst environmental disasters in recorded history in Indonesia. Fire maps have been and are being produced from national imaging systems in cooperation with the NIMA, Disaster Response Team showing the location of active fires and intense burns. These maps are being made available via the Internet from the Forest Service. In 1997, these maps were used for fire suppression tactical support by the Department of Defence (DOD) and Forest Service working in Indonesia. These maps were also used to support international efforts in damage assessment and ecosystem restoration activities.

The Forest Service is also working with USGS and DOD to test the potential of using classified and commercial systems for early fire detection. If successful, this system has the potential to significantly improve our capability to detect and respond to wildland fires. A prototype capability will be operational by June 1998 and the Forest Service is working with other land management agencies and the USGS to develop testing procedures for the new facility.

economic contribution of recreation

Mr. Skaggs. Well, if you would be kind enough to get into the record a fuller treatment. Maybe, in your case, there simply is not that much that is going on compared to some of the other public lands agencies. But I wanted to get that.

Moving to what may be a context setting proposition for the debate about the roadless area moratorium, can you just paint for us the rough picture of the economic activity and contribution to GDP coming out of the national forests on the timbering side versus the recreation side?

Secretary Glickman. I think maybe Jim might be able to do that the best.

Mr. Lyons. Well, the best information we have, Congressman, from our own Resources Planning Act assessment indicates that recreation, by and far, is contributing a great deal more to the gross domestic product than many of the other activities on the national forests. In fact, a survey that we have done indicates that by the year 2000, 75 percent of what the national forests contribute to the gross domestic product actually will come from recreation.

That does not diminish the importance of these other program activities and outputs, but it just indicates that I think that this element of our program is much more significant than we ever realized, and, of course, that is why this budget

proposal seeks additional funds to support our recreation efforts.

Mr. Skaggs. Well, staff just handed me the Economic Report of the President from a year ago which has a wonderful pie chart that says you were at three-quarters attributable to recreation even in 1993, with timbering being, my guess is, something like 5 percent and then other activities, grazing, mining, whatever. So, I just think that sense of perspective is important for us to have.

Thank you, Mr. Chairman.

Mr. Regula. Mr. Wamp.

olympics

Mr. Wamp. Thank you.

Mr. Secretary, welcome again this year, and thank you for coming. I want to say publicly at the outset that the Forest Service, from my experience in East Tennessee, where I like to spend most of my time, has just been wonderful. The Forest Service personnel there are efficient, capable, innovative, and I really mean that. I do not need anything from them. We have that Olympic whitewater venue there in our district. It is kind of the crown jewel of the Cherokee National Forest now, and the Forest Service 10-year plan is ambitious, but it is just going to really capitalize on that Federal investment, and Ann Zimmerman and the entire team there are just fantastic people.

I have worked with them and toured creeks with them, and we have coordinated with Fish and Wildlife and USGS and all of the different agencies, and it is really a great example leading up to the Olympics and then the work following the Olympics in our region of how Government can work, even at this high level. And so, you probably will---

Secretary Glickman. Thank you.

maintenance backlog

Mr. Wamp. Catch some grief today but not from me. But I want to ask this question. We had the Secretary of the Interior here last week, and we had hearings on this issue of backlog maintenance. It continues to be a puzzle to us that agencies under the Interior and Agriculture do not have a universally-adopted definition of backlog maintenance and that in both departments, there are some programs being requested that are not backlog at all, that are actually prospective.

There are new projects that are being lumped into backlog maintenance, and I think it is the will of this committee that we address these backlog needs. In order to do that effectively and efficiently, we have to determine, in both departments, Interior and Agriculture, what does backlog mean? Let us not throw things into backlog that are actually prospective. I just want to know if you are aware of that and if you plan to do something about it and what?

Secretary Glickman. Yes, first I would like to say, in connection with the Cherokee forest and the Olympics that, we are involved in an even more active way with the 2002 Winter Olympics in the Salt Lake City area. We are providing the land mass, the resources for the downhill racing. It is a good

example of public-private sector partnership.

Mr. Regula. Will it cost us some extra money, then?

Mr. Lyons. Minimally, we hope.

Mr. Regula. We hope so, too.

Mr. Lyons. Yes, sir. [Laughter.]

I would address the question you raised, Congressman, and just point out that in large respect, I think Chairman Regula deserves the credit for raising the deferred maintenance issue a number of times. It has brought a lot of attention within the administration to this issue. It is one of the reasons we have brought forth our concern about our road maintenance and reconstruction backlog of \$10.5 billion. This is the backlog for only 20 percent of the system, the portion of the system that actually gets 80 percent of the use.

We have also identified about a \$2.5 billion backlog in our recreation facilities maintenance needs, and in part, the proposed increases in funding in the recreation program will help address those concerns.

We are working with the Department of the Interior, and I am working directly with John Berry, who heads up the policy shop over there, to try and get on top of this issue and come up with an appropriate way to respond to the issues that have been raised by this committee and by the chairman time and again. This is the investment that will support many communities and many interests. The whitewater venue, for example, is a showpiece, and unless we continue to invest in it, we run the risk of losing the value of the investment already made.

Secretary Glickman. Jim, his question, though, relates to definition.

Mr. Wamp. Definition of backlog maintenance.

Secretary Glickman. How do we deal with that?

Mr. Lyons. We are working with Interior to try to come up with an agreed approach. As is often the case, agencies have different ways of dealing with those particular issues. It just takes us sitting down and agreeing on how we are going to categorize these things.

Mr. Wamp. Just in all due respect, and I am only a year and a half on this committee, but I have been hearing that for a year and a half, and I understand my predecessors were hearing it 3 and a half years before I got here. So, it really is important that between here and next year's cycle, we have a definition that is universal, that this is backlog maintenance, and anything that is added into that particular area that does not qualify has to be put into another area so that it does not continue to be squeezed down.

Otherwise, we are going to end up having to, at some point, turn down legitimate programs just to keep these facilities open, I believe.

Mr. Lyons. Well, I will make a commitment: you will hear a different story next year. We will get it done.

Mr. Wamp. Thank you, Mr. Chairman.

Mr. Regula. Mr. Nethercutt.

export enhancement program

Mr. Nethercutt. Thank you, Mr. Chairman.

Welcome, gentlemen.

Mr. Secretary, I came in when you were speaking about the delinking of county payments to timber receipts, the 25 percent that goes to schools, and I thought I heard you say that you proposed that the sustainable figure would be maintained by taking money out of EEP, the Export Enhancement Program.

Secretary Glickman. The President's budget proposes changes in Step Two cotton and in the aggregate on EEP. I will get you the specifics in the next 2 days. Obviously, a lot of that relates to what you do in your subcommittee.

Mr. Nethercutt. And I appreciate that. And I am one who is frustrated with the department's lack of use of EEP in terms of the ag policy for the country. In my part of the state and across the country, we are facing low wheat prices. I am going to be assertive, frankly, Secretary, respective to the department to use the tools that have been given, including EEP, P.L. 480 and other agriculture programs that can help our farmers make it in this freer market environment.

So, I guess I am protective, certainly of----

Secretary Glickman. Can I just make one comment here if I might?

Mr. Nethercutt. Sure.

Secretary Glickman. While this does not relate to the specific jurisdiction, the heart of our programs to move our commodities are in the GSM credit programs.

Mr. Nethercutt. Right.

Secretary Glickman. This involves billions of dollars to guarantee loans, in Korea, in Indonesia and in other countries. EEP is one of our tools, but based upon what I see now, the use of EEP will reduce world wheat prices, not increase them. It will be a subsidy to European consumers, and the Argentines and the Europeans will increase their subsidies to meet it.

What I want to try to do is find a way to build wheat prices up, which means legitimate market sales to get more grains sold in the world markets. I have not ruled out using EEP, but I want to make it clear that there is a lot of frustration out there. I understand that. People are saying do it, do it; move it, move it, get it done. But I do not want to do something that adds gasoline to the fire and causes prices to go down further.

There is a lot of wheat out there in the world right now. So, I only say to you that our goal is mutual: get prices up.

Mr. Nethercutt. Right; and I understand that. I think we are going to have more debate on that but for another day.

Secretary Glickman. Yes, okay.

road moratorium

Mr. Nethercutt. I know time is short here.

Mr. Lyons, I heard you testify that you are giving attention to and public comment on the roadless moratorium proposal. I will wage money that the policy is not tentative; it is not a proposal. We are going to be facing that policy permanently. I appreciate the fact that we need public comment on the proposal. Has the administration taken a position on the Peterson bill, to have a hearing in every single national forest that is affected by the roadless moratorium? If not, why

not?

Mr. Dombeck. I testified before the House Resources Committee on Tuesday, and our position is in opposition to that bill.

Mr. Nethercutt. Why is that?

Mr. Dombeck. There are two parts to the Peterson bill. First it calls for approximately 120 hearings around the country, and there are some areas where the roads issue is not controversial. So, we believe that it is not universally needed across the country. But where it is needed, we think it is important.

The other part of the Peterson bill, requires that we not move forward with the temporary suspension of the road building if there are adverse economic effects; if there are any adverse effects on forest health or a third category. The fact is that part of multiple use management is that we cannot maximize every category of the resource. That is something that we do not do for any issue or area. That is our more significant concern about the bill, because it asks us to maximize forest health; it asks us to maximize economic return and other considerations, and it is difficult to do all three.

economic returns from forests

Mr. Nethercutt. What is wrong with that? I heard the comment earlier that your return comes from recreation. That is entirely consistent, it seems to me, with these requirements in this bill.

Mr. Dombeck. Well, what we do is balance uses.

Mr. Nethercutt. Sure.

Mr. Dombeck. There is not enough of everything to go around.

Mr. Nethercutt. You make judgments.

Mr. Dombeck. Yes, yes.

Mr. Nethercutt. And I guess the concern from those of us in the Northwest is that the judgments are going to be against economic return and in favor of some other predetermined policy decision about what is good for the people of that region. I guess I have a prejudice about what you are going into here, and I say it respectfully. I have had a good relationship with all of you as far as I am concerned, but there is great concern out there that there is some social engineering going on in terms of what is right for the forests--not for forest health but in terms of shifting away from any resource extraction in favor of recreation or preservation.

Forgive my prejudices, but that is what I am hearing from people on the ground in my region, and they are very concerned in the West about it. I have a lot of questions to ask you about the Interior Columbia Basin Project, which I think is a furtherance of this policy that may be underlying the decisions that you all are making, but I probably am out of time.

Mr. Regula. Well, we have a vote on tropical rain forests and then a 5-minute vote on the Journal.

Can you come back, Mr. Miller?

Mr. Miller. I am planning to come back.

Mr. Regula. Okay.

Mr. Miller. Will the Secretary be here? Or are you going to

be----

Mr. Regula. Well, I would like for you to stay.

Secretary Glickman. I can stay until about 11:30.

Mr. Regula. Okay; well, it will take us about 10 or 15 minutes to get through----

Secretary Glickman. Okay.

Mr. Regula. You have been through this.

Secretary Glickman. No problem; do you want me to go vote for you? [Laughter.]

Mr. Skeen. There are no proxies anymore.

Secretary Glickman. I cannot do that; that would be wrong.

Mr. Skeen, I would not do that to you.

Mr. Skeen. You would vote right every time. [Laughter.]

Mr. Regula. We will reconvene as quickly as possible, because I know that members have a number of questions.

[Recess.]

Mr. Regula. Okay; we will get started here.

You know how it goes, Mr. Secretary.

Secretary Glickman. I know how it goes. Mr. Yates!

Mr. Yates. Hello, hello.

Secretary Glickman. It is a pleasure to see you, sir.

Mr. Regula. Mr. Yates, would you like to get a couple of questions in before we get back to our other group?

Well, here is Mr. Dicks.

Mr. Dicks. Let him go ahead.

Mr. Yates. No, no; Dicks, you go ahead, because you have an interest in the Forest Service. [Laughter.]

Mr. Regula. Okay, Mr. Dicks, you are on. And he was here earlier, anyhow.

purchaser road credits

Mr. Dicks. I want to welcome the Secretary here and Mr. Lyons and Mike, who have been working on a lot of these issues.

You know, one of the problems that we have had over the last couple of years has been on the whole roads issue. It has been, as you know, very controversial up here, and the administration, as I understand it now, has again proposed in its budget--this was not agreed to last year--to get rid of purchaser credit on timber sales, and I do not know whoever wants to take this question, but explain that. Explain why that decision was made and what should be done about the Purchaser Elect Program, which has been important to the smaller companies.

Secretary Glickman. Jim?

Mr. Lyons. Well, the philosophy behind that change, Congressman, is simply to allow timber purchasers to assume the costs of road construction in their bids and to simplify the process. The Purchaser Credit Program provides essentially trading timber for roads, and the trading of credits, et cetera, has been a very complicated process.

The simple, straightforward way to do it would be simply to allow a bidder to look at the cost of road construction as well as the cost of acquiring timber and factor that into their bid.

Mr. Dicks. But, then, the department does the actual road construction, then, is that correct?

Mr. Lyons. Not for those purchasers who have the capacity

to build the road themselves. For those who do not, we need to create a system that would allow the purchasers to elect to have the department build the road. That is the old Purchaser Elect Program.

Mr. Yates. I know.

Mr. Dicks. Well, as I understand it, some of the smaller companies cannot do it, do not have the financial wherewithal to do it. Then, they can elect to have the department do it, as I understand it.

Mr. Yates. Well, it is kind of hard. Suppose that a company that the department thinks can do it wants the department to do it? What do they decide in that case?

Mr. Dicks. I think there are limitations. Is there not a criterion, you have to be a certain size company, certain number of employees? Mike, do you want to----

Mr. Dombeck. On the Purchaser Elect, without purchaser credit, there would be a modification required. However, the Purchaser Elect is available for companies with 500 employees or less, and this has typically been used by companies that do not have the capital to make the investment up front.

Mr. Yates. So, there is that limitation.

Mr. Dombeck. Correct, yes.

Mr. Yates. Okay; thank you.

road budget

Mr. Dicks. Now, how much money this year is in your road budget? Can you describe it?

Mr. Lyons. Well, Congressman, to try to clarify the road budget, we offered a different display of the road funding this year. We worked some with the committee staff on it to make sure that there was some understanding of what it looked like and that there was agreement to clarify the confusion that has occurred in the past about roads. We have broken this out into a number of categories.

Mr. Yates. Do you know what page it is on, the document you are looking at?

Mr. Lyons. Well, the document I am working from is our summary document on page 38. It is in the more detailed explanatory notes in a different place; I apologize for that.

But basically, we have identified the overhead in program management costs for all construction and reconstruction activities. Then, we have identified the engineering support for new construction and reconstruction and broken that out as well as the engineering support for timber; that is, for the roads that would be built by timber purchasers for which we would actually do the engineering work. In addition, we have tried to break out, or we have identified the funds that would be allocated to road maintenance and the funds that would be provided for roads and trails maintenance by each state.

So, the total for the Forest Road Program, Congressman, is about \$96 million, and that includes engineering support for timber, our actual cost for new construction and reconstruction as well as the overhead for the program.

Mr. Dicks. Okay; so, reconstruction is \$26 million, right?

Mr. Lyons. Correct.

Mr. Dicks. And new construction is \$1 million?

Mr. Lyons. That is right; we only propose to build 7.5 miles of new road this year. That is for general access.

Mr. Dicks. And then, road maintenance; this is a different category than reconstruction, right? Because----

Mr. Lyons. Correct.

Mr. Dicks. And that is a total of \$107 million.

Mr. Lyons. Right.

Mr. Dicks. Now, one of the problems here, you know, in our area of the world is that a lot of these roads are contributing to environmental problems, that you have washouts. You have sediment going into the rivers, et cetera, and so, being able to properly maintain these roads; in fact, a lot of the money, when we talk about watershed restoration, Mr. Secretary, a lot of the money that we got for watershed restoration under the President's program wound up being used to fix roads. About 80 percent of it in Washington State was used to fix roads.

Now, you know, frankly, there is such a small amount of watershed restoration money, I would like to see it used more for fixing of the culverts and other things rather than having it come out of--and winding up taking our watershed restoration money and using it for road maintenance. But if you listen to the people who are concerned about the fish, and I am one of those, the salmon issues, they say that the roads do more to contribute to the sedimentation and those problems.

road moratorium

Now, if you are going to have a timber program, on the other hand, you must still have some roads out there, and the one thing that I wanted to ask you, too, because this is somewhat controversial--the administration, now, in some areas, where you do not have current planning, declared a moratorium on any new roads. But that does not mean you would not necessarily have access to that timber. I mean, is it not possible to do things like helicopter logging, things of that nature, so even if you are not building the new roads does not mean you are not going to be harvesting some of the timber in those areas?

Mr. Regula. Will you yield?

Mr. Dicks. Yes.

Mr. Regula. If you do helicopter logging, do you not have to have a road for the people to go in and cut with tools and so on?

Mr. Lyons. You do that from the existing road network, Mr. Chairman.

Secretary Glickman. In most cases, you would not need new roads.

Mr. Regula. Okay.

Secretary Glickman. Mike might be able to answer that more specifically.

Mr. Regula. Thank you.

Mr. Dombeck. First of all, this is a proposal.

Mr. Regula. Right.

Mr. Dombeck. It is in a public comment period at this point, and that public comment period closes on March 30. Since the proposal was made public, and we have been able to review the data more closely we have found that we can often go ahead

and do the forest management job in many areas without road building. Some sales of timber have helicopter logging alternatives, which are less economic up front. But then, we are not saddled with the costs of the long-term maintenance of that road for decade after decade.

So, there are a variety of options. I can say that some of the engineers in California have told us that we could probably do the forest management job today with about half of the roads that might have been designed and put in there 15 or 20 or 30 years ago. And this, again, accentuates the need to review at this policy and continually search for new technologies and different ways to get in there and do the job.

The proposal, I want to reemphasize again, is only about road building or reconstruction. It is not about land allocations; it is not about changing anything else. It is about the activity of road building.

Mr. Dicks. Well, one other point I wanted to--again, anything we can do to educate members up here about this roads issue, to explain that, one, we have a problem, and we need to get some funding in ISTEA, hopefully, for this but that we have got to explain that a lot of this money is being used to maintain the existing roads, and if we do not do that, we are going to have deterioration in clean water and other issues.

The other thing I just wanted to raise briefly, Mr. Chairman--I appreciate your being a little bit flexible here--with the Secretary is the Conservation Reserve Enhancement Program. We see this in Washington State. The Governor has just put in some money at my request and urging to get this; we took Park Shackleford of your staff out there. We see the Conservation Reserve Enhancement Program as having tremendous applicability in both Washington and Oregon and in the West generally, but we think that is a very good program, and we want to work with you on that.

Mr. Regula. Mr. Miller?

Mr. Miller. These questions will continue later? We will have another round with the Forest Service? Yes; I have some questions of the Forest Service, but since I have a chance to talk to you on some other issues, I thought I would bring them up.

Basically, on the logging issue, I am probably very supportive of your position. So, you have one supporter in this group.

Secretary Glickman. Okay. [Laughter.]

Mr. Regula. By that do you mean the moratorium?

Mr. Dicks. He means everything. [Laughter.]

Mr. Miller. I look at it from a corporate welfare standpoint.

However, let me ask----

Mr. Dicks. Have you ever heard of building houses in this country? You know, the stuff does not just immaculately fall out of the----

Mr. Miller. I do hope, by the way, to make a trip out to some--and see, get a better, first-hand view of the logging issues.

Mr. Dicks. It would be difficult to learn something about it.

methyl bromide

Mr. Miller. But anyway, let me ask a question about methyl bromide. As you know, that is getting ready to be banned in the United States in less than 3 years, and it will be devastating to Southern agriculture, including California and Florida and such, the concern is that Mexico and other countries continue to use it. Two questions, what are you doing, and what do you see can happen as far as having to have this level playing field with countries like Mexico? And then, have you done any analysis of the economic impact of this ban on methyl bromide? I am told by my farmers in my area that we are going to devastate their ability to compete with Mexico.

Secretary Glickman. There are alternatives, but they are not all very feasible.

Mr. Miller. Right.

Secretary Glickman. We have basically directed our Agriculture Research Service through Mr. Skeen's committee to try to come up with substitutes and alternatives. We are involved with international agreements on methyl bromide, but I, too, am worried about making sure that the playing field is level. Notwithstanding our compliance with various agreements in the international arena, we continue to try to deal with that issue and to ensure that we do not shoot ourselves in the foot in the process.

I do not have any good, hard answers for you except that we are doing our best to redouble the dollars that are available in research, both internally and through the land grant schools, to try to come up with some alternatives that are feasible to be used by the time that the deadline clicks in.

Mr. Miller. Do you know if there has been any economic analysis of what the impact of that would be on agriculture yet?

Secretary Glickman. I am sure we do, but I do not have the information off the top of my head.

Mr. Yates. Why is it being eliminated?

Mr. Miller. They consider it bad for the environment. And so----

Secretary Glickman. Scientists pretty much agree that methyl bromide ought to be phased out.

Mr. Miller. Right.

Secretary Glickman. The problem has to do with the compliance by Third World countries versus the U.S. and who gets a little break in terms of the time period for compliance and whether our producers are being put at a disadvantage.

Mr. Miller. And there is no alternative for it.

Secretary Glickman. Right now, there is no alternative.

Mr. Miller. It is used as, in my area, for tomatoes, to sterilize the ground between crops. And so, there is no alternative. When there is an alternative, the farmers will change.

The other areas used simply are shipping products into the United States and as a pesticide or fumigant. It is about the only powerful one they can use in ports and so, for agricultural importation, it is critical, too. So, they want to change, and, it is just a matter of getting the alternative. So, you are putting the research into it. Vic Fazio is working

on trying to get something. If there is some way we can get some help, push along the administration to agree to something that we can legislatively do, our concern is the competition with Mexico. So, it is a California issue as much as it is a Florida issue.

Secretary Glickman. Our deputy secretary was former director of the Agriculture Department of the State of California.

Mr. Miller. Right.

Secretary Glickman. He is intimately involved in working on this issue.

Mr. Miller. Any help you can push would be appreciated, and Mr. Fazio is working with us on this.

everglades and sugar

The other question I want to ask about is on the Everglades and sugar. The chairman and I were down in the Everglades in January seeing what was happening. There is an extremely complex program going on down there with, 23 different Federal and state agencies, including the Department of Agriculture. The problem we have, it seems, is we have a conflicting policy with the Federal Government. We are spending billions of dollars to get the Everglades back, and a lot of it is caused by population growth and such.

But we also have a Federal policy to encourage overproduction of sugar in those areas and the overvaluation of the land that sugar is grown on. We are having to buy all of this land from the sugar companies for the Everglades, which we agree that we need to buy it, but because we have doubled the world price on sugar, it makes it very expensive. So, it seems like we are wasting Federal dollars, because one Federal policy, the sugar program, encourages overproduction, overvaluation, and then, we are spending all of this money trying to correct it. How do you explain that to somebody?

Secretary Glickman. Let me just say, Mr. Miller, that Congress had an opportunity in the 1996 farm bill to deal with sugar policy, and it chose to deal with it in the way that it did, and we administer that policy as fairly as possible.

[Laughter.]

I mean, that is about the best I can tell you. [Laughter.]

I mean, sugar is a complicated policy. It has different roots than the other commodities. We also have a great amount of sugar being grown by beet producers. This is now a major factor which we did not have 50 or 60 years ago.

There were some changes in the sugar policy last year that the new farm bill made, but ultimately, it is a policy decision that Congress has got to decide on.

Mr. Regula. Mr. Skeen? [Laughter.]

Mr. Skeen. Ball two.

Mr. Secretary, I came down to see how they were treating you down here, and they already have your jacket off.

[Laughter.]

This is a tough outfit. I just wanted to say that I appreciate the coordination and the cooperation that we have. I also wanted to say we have very serious problems, particularly those on international trade and the rest. So, I have no

questions for you. I think we have just about exhausted you, so, I will give you a little chance here to talk about sugar.

Secretary Glickman. Thank you.

Mr. Skeen. By the way, I went down and visited Florida. It is quite an engineering feat they are using to address a very serious problem.

Secretary Glickman. I will have to say that the Government overall is putting extensive resources into Everglades-related issues. Our soil conservationists, technicians, engineers with NRCS, which is our old Soil Conservation Service, are actively engaged in this effort.

Mr. Skeen. I yield back.

Mr. Regula. Mr. Yates.

Mr. Yates. Mr. Secretary, I wanted to join my good friends in congratulating you and commending you upon the superb job you have done as secretary. It could not have been a very easy thing to move from the legislative branch to the executive branch, but you have made the transition very well. And from this urban dweller's point of view, I think you are a great Secretary. I do not know what the farmers think but----

[Laughter.]

Mr. Yates. I think you are terrific.

Mr. Dicks. I love him. He giveth with the right hand, taketh with the left.

litigation

Mr. Yates. Anyway, tell me what is going on between the Department and the environmental groups? Are they still suing to keep you from carrying out timber contracts?

Secretary Glickman. Well I am a defendant in lots of lawsuits.

Mr. Yates. I bet you are.

Secretary Glickman. And I would say that I do not know if the pace of litigation has slowed down at all. It seems to have slowed a little bit.

Mr. Yates. Well, it should slow down if you are cutting your contracts should it not?

Secretary Glickman. It has certainly not slowed down at all the last few years.

Mr. Yates. Well, but you had not slowed the pace, then, really, had you?

Mr. Taylor. But you cannot scare people to give money unless you are suing them.

Mr. Yates. I am sorry?

Mr. Taylor. You cannot scare people to give money unless you are suing, and that has nothing to do with cutting.

Secretary Glickman. Let me make this point, and then, I would like to ask one of my colleagues on this side to respond to the issue of the amount of litigation. My philosophy is that I am not in this job to please the environmentalists or to please the timber industry. We get pulled. I must tell you that on these issues, you get pulled both ways very, very hard, and as I have said, the forests have multiple purposes and multiple roles.

We have probably given more emphasis to recreation and the protection of the environment than was the case in previous

years, but I also still believe that there is a role for responsible and sustainable harvesting of the forests as well. There are some people who want to see no cut, period. That is not my philosophy, and that is not the philosophy of the Chief of the Forest Service.

There are some people who think that we are far, far too stingy in the amount of timber that we are allowing to be cut. I think that they fail to take into account the other uses of the forest, including the water issue that I talked about before. It is always a question of balance, and usually, when you try to walk down the middle of the road, you end up pleasing nobody, but I think we are generally doing the right thing.

Mr. Yates. Okay; well, I knew that there had been a lot of lawsuits in previous years, and I knew that you had announced that the size of your timber cut would not be as great. I thought, perhaps, that they were laying off of you to some extent. But it is too early to know whether that will happen or not.

road maintenance and reconstruction

I thought I saw somewhere in your statement that you have a backlog of about \$10 billion in road maintenance.

Secretary Glickman. That is correct.

Mr. Yates. How are you going to take care of that?

Secretary Glickman. Mr. Lyons?

Mr. Lyons. We need your help.

We hope to tackle it a number of ways. The 1999 budget proposal includes requests for increased funding for road maintenance. But even that will only get our program up to where we can maintain 45 percent of our major roads to standard. The Secretary indicated earlier that we have 380,000 miles of road in the national forest system. About 86,000 get most of the use, and we are really focusing on the maintenance of those roads and bridges.

We have 7,000 bridges, 1,000 of which have been deemed deficient already.

Mr. Yates. Have been deemed deficient?

Mr. Lyons. That is right, they have been deemed deficient from a safety standpoint or a structural standpoint.

Mr. Yates. Are you still using them?

Mr. Lyons. Well, we try not to.

Mr. Yates. Well, no, I did not ask you that.

Mr. Lyons. Yes, I imagine that in some places we are.

And we know that we need to continue maintenance on those bridges at a rate of 150 to 200 a year, but we only have adequate funds for 40. It is not an issue that can be dealt with solely by this committee, and I want to thank the committee for the support provided last year in increased road maintenance funding. That helped some.

But what we really need is some support from the Transportation Committee and perhaps some funds from the ISTEA program to get at the backlog, and we have talked to some of the members of that committee. I know Chairman Regula was helpful in talking that issue through with us the other day.

A \$10.5 billion backlog cannot be cleaned up under the

current circumstances we face. We have to get at it with a larger pot of funds.

Mr. Yates. Well, as a matter of fact, it will probably increase, will it not.

Mr. Lyons. It will increase if we do not get on top of it. It is accelerating because at the current pace we are only maintaining 40 percent of the system to standard.

grazing program

Mr. Yates. Does the Department of Agriculture have a rental system like they do in Interior for renting Federal land for-- what is it now--\$2 a month?

Mr. Dicks. You mean like the BLM program.

Mr. Yates. Yes, BLM.

Mr. Lyons. The grazing program?

Mr. Yates. Grazing program.

Mr. Lyons. Yes, we do have a large grazing program.

Mr. Yates. You do have?

Mr. Lyons. Yes.

Mr. Yates. And it still costs a lot of money, does it not?

Mr. Lyons. Well, hopefully, we will improve the efficiency of that program, but our rental rates are consistent with Interior's. That is set by executive order.

Mr. Yates. Yes; I see; of course, that is the problem. How do they compare with state rates?

Mr. Lyons. Well, they vary, but, in general, I am sure private rates and the rates in certain states are higher than those on the lands we administer.

Mr. Yates. Significantly?

Mr. Lyons. In certain places, yes, sir.

Mr. Yates. Can you put a comparison in the record?

Mr. Lyons. I would rather provide you that information for the record, but we could do that.

Mr. Yates. That is what I asked you.

Mr. Lyons. Yes, sir, we can do that.

[The information follows:]

The livestock grazing fee for 1998 is \$1.35 per month for each ``head-month'' of grazing use on the National Forests. This is the rate charged on the National Forests and National Grasslands in the western States. The following table displays the rates charged by western States where livestock grazing is taking place. The ``per-head'' rate is that rate most comparable to the head-month rate used in the Forest Service.

[Page 39--The official Committee record contains additional material here.]

Mr. Yates. Thank you, Mr. Chairman.

Mr. Regula. Let me say to the committee members that it is my understanding that the tropical forests bill will finish between 1:00 and 1:30, it is still up in the air whether we will go forward with the State Department reauthorization. If not, we will be finished voting around 1:30. So, what I would anticipate is we go forward with two members who have not yet had a chance to ask you questions, Mr. Secretary. I would like if they could, and then, we will keep going until we adjourn

the committee, rather than trying to break.

So, Mr. Taylor.

timber salvage sales

Mr. Taylor. Mr. Secretary, we have had these discussions before. Our best schools have schools of forestry, and we ignore them. About 2 years ago, we set out a group of educators from all across the country and put together a report, which they did. They presented it about a year ago to Congress. Then, they asked for a peer review of the study, and the information came back without serious scientific fault.

You have experimental stations that you, the Forest Service, maintain as well as private and state experimentation. Now, all of those, and let us focus on one area, because I do not have the time, but all of those are consistent that salvage, for instance, is essential for forest health. We are bringing in insects because we are bringing in more imports. We are creating fires. We have disease and insect spreads all over the country.

Yet, when we had a very modest salvage bill, it was fought by the administration, I suppose, to pander to the 1996 election, and, in fact, it was stopped about a half a month earlier than what the Congress had put in the actual bill, which I think is illegal. But to see that kind of action on behalf of the department when all of the evidence says this is for the forest's health; we had a very modest situation here, and, of course, there was the pandering, the hue and cry that it was being abused in some way. And yet, every investigation showed that it was not.

And just looking at that one area before I go into other areas, how can we say that we are managing the forests on a scientific basis when we ignore all of that? I know you folks have reviewed; we gave you a copy of the scientific report and so forth. Open to question at any time.

Secretary Glickman. Mike or Jim, do you want to respond?

Mr. Taylor. I do not want it to go more than about a minute, because I would like to ask another question, if I could.

Secretary Glickman. Well, let us talk about the salvage and then let me comment quickly.

Mr. Lyons. Congressman Taylor, I would point out that, consistent with the Congressional direction under the salvage rider, the administration exceeded the commitment that Secretary Glickman made to the speaker in terms of the volume that would be generated under the salvage program. We followed through on our commitment.

Mr. Taylor. Why did you stop it a half a month early?

Secretary Glickman. Well, our instruction to the field was to start to transition back to a normal timber sale program. We had quite a bit of volume that had already been prepared under the salvage program. We wanted to clean that out and deal with the normal program, so we were simply transitioning.

Mr. Taylor. The law, I think, required you to go through December 31, and that was a commitment in writing by the President, and you stopped it early.

But let us go beyond that and say if that was a good idea,

why are we not doing that every year instead of ignoring it?

Secretary Glickman. Well, Congressman, I would just point out that of our proposed timber offer for 1999, nearly a third is salvage. We are trying to respond by shifting the program to address forest health concerns focused primarily on salvage.

Mr. Taylor. But you probably have way more than \$30 billion of free board feet that are going to rot right in the forest now. So, it is like you are making an effort right now. It is way below what you were doing even during the salvage legislation, and it is very far below what is needed.

Secretary Glickman. Mike may want to add a comment about the forest health issue. I think that underlying your question is the desire to make sure that we do what we need to do to deal with diseased, insect-infested or dying timber.

Mr. Dombeck. I think we are in agreement in several areas, and one is that active management is required. We need to do a better job integrating timber sales and timber harvests with the forest health issue and with the urban wildland fire issue, and I would say that the dialogue that I would like to enter into over the course of the next couple of years involves the incentive systems. When we take a look at timber salvage, this gets us into the issue of below-cost timber sales, because much of this is lower value wood.

In my view, we should not even be talking about below-cost timber sales. We should be talking about the condition that we want in the forests and then, how do we get there.

Mr. Taylor. Certainly.

Mr. Regula. Do you have another question, a brief one?

profitability of timber sales

Mr. Taylor. Yes; the last year, I think it was just announced that you lost money in 1996, Mr. Secretary. Did you consider firing your undersecretary if you lost \$15 million? I certainly would have in my company, because we do not have--you have almost a zero basis in your land, and we have much higher than that. And yet, we do not lose money, and yet, we have excellent wildlife proposals. And we are not sided; we plant roads and things of that nature.

Why did you make that announcement when the GAO says the Forest Service lacks adequate controls to ensure that all billings for timber sales and other revenue-generating activities submitted are accurately recorded? And, in fact, you really cannot make that statement, because your information seems to be faulty. Why would you make a statement like that when your books are really--it is impossible?

Secretary Glickman. Well, Mike, are you going to comment on this? Because I need to make a comment as well.

Mr. Dombeck. Yes; some of the things that have changed over time are that we are doing about 84 percent less clear-cutting over the last decade, and that about 70 percent of the timber sales that are being offered now have objectives beyond getting the cut out. They are the kinds of things we have been talking about dealing with: forest health issues and other types of things. I believe the direction we are going in is to better integrate timber harvests into our other watershed forest needs in order to maintain the long-term health of the forests.

But one of the questions I always ask myself is why is it that we wait for a forest to have severe problems and then salvage it? Why is it that we are not practicing the appropriate silvaculture on the land to keep it healthy? I think that is where we want to move forward.

Mr. Taylor. But you cannot do that if you are not cutting and you are now----

Mr. Regula. Mr. Secretary, you wanted to make a comment?

Secretary Glickman. Well, I read the GAO report, and it struck me that the inference of that report was to cut timber to make money; the Forest Service was a money-generating operation. They are no longer generating money in the traditional way. My perspective on that is that I did not believe the statute required us to be a money-generating operation.

Mr. Taylor. That is not my question. I know that is not the mission they said that you wanted to do. But what the GAO said is that it lacks adequate controls to ensure that all billings for timber sales and other revenue-generating activities are submitted and accurately recorded and recognized.

Secretary Glickman. Okay.

Mr. Taylor. And that has entirely----

Secretary Glickman. Okay; that is a fiscal audit issue. Those issues are serious ones, and they are being addressed.

Mr. Regula. And I think perhaps you should provide Mr. Taylor with----

Secretary Glickman. Yes.

Mr. Regula [continuing]. A more complete response for the record.

Secretary Glickman. Yes.

Mr. Regula. Because I have the same question.

Secretary Glickman. That question needs to be specifically responded to.

Mr. Regula. Yes.

Secretary Glickman. I agree with that.

[The information follows:]

The Forest Service recognizes its weakness in the area of financial statements and is currently in the process of improving its financial situation through such initiatives as its effort to implement a new accounting system known as FFIS (Foundation Financial Information System).

Although the difficulties with our current accounting procedures are not specific to the Timber Sale Program Information Reporting System (TSPIRS), which is used to compile the financial information presented in our Forest Management Program Annual Report, the data compiled from the accounting system by TSPIRS could be affected. Recognizing this, there was considerable internal discussion about whether or not the agency should release a TSPIRS report in FY 1996. The decision to release was based upon two considerations that were felt to overshadow any potential inaccuracies in the financial data. These were: 1) the fact that the report is prepared at the request of Congress; and 2) the fact that failure to release a report, in the first year the program appears to have lost money, would almost certainly have been perceived as an attempted cover-up. We do not know for sure that the timber sales program lost exactly \$14.7 million in FY 1996; but we strongly feel this is the best estimate of actual losses

based on the information we have.

It is our harvest data, not our accounting data, that document the timber program's continuing shift away from timber commodity and towards forest stewardship purpose sales. This shift means that decisions regarding sale design are being made less and less on the basis of commercial considerations, and more on the basis of considerations such as forest health related objectives; for example, reducing the risk of catastrophic fire.

Mr. Regula. Mr. Moran?

Mr. Yates. Mr. Moran, would you yield for just one question?

Mr. Moran. Sure.

timber salvage

Mr. Yates. Mr. Secretary, was part of the reason for stopping that program not because of the criticism that it did receive because it went far beyond the actual salvage of the forest but because it was cutting down the green trees as well?

Mr. Taylor. I would like to hear that.

Mr. Regula. I think the law allowed the green trees to be cut.

Mr. Taylor. There was never any proof after I think it was about 12 or 14 investigations that showed that any ringed timber other than that affected was ever involved.

Mr. Dicks. Let us be honest about this, too. I mean, scientifically, you know, there is going to be some timber adjacent----

Mr. Taylor. Sure.

Mr. Dicks [continuing]. To the diseased timber that if you are going to try to stop the disease, you have to take it out.

Mr. Taylor. Sure.

Mr. Dicks. I mean, that is a scientific requirement. That is not some malicious, terrible eco-attack.

Mr. Regula. Let us get a comprehensive answer for the record and please send a copy to Mr. Taylor. I think he has a very legitimate concern.

[The information follows:]

The emergency salvage provisions as provided for in Section 2001(b) of the 1995 Rescissions Act requires that salvage timber sale contracts be offered prior to December 31, 1996 (Section 2001(j)). According to contract law, a timber sale is considered offered only when the Forest Service receives the bids for the advertised timber. Salvage sales were advertised for 14 days. Given these conditions, the agency started the transition to the expiration of the emergency provisions on December 13, 1996 by withholding any future advertisements of salvage sales under the emergency provisions. Any salvage sale advertised under the emergency provisions but not receiving valid bids before December 31, 1996 would not have qualified for the provisions and would have needed to be reworked to meet all NEPA requirements, including full public participation and legal review. It was not prudent for the agency to solicit bids for salvage sales that could not be offered before the expiration of the emergency provisions.

Mr. Moran. Yes; I do not think Mr. Yates was suggesting

that people should not use common sense but that they should exercise judgment just in determining----

Mr. Dicks. That is correct. I am not suggesting it either.

income from recreation

Mr. Moran. No, I know.

I think you are doing a hell of a job, Mr. Secretary, and I appreciate the work that you are doing and the guidance that you have given. Might as well get it on the record.

Speaking of money, the Forest Service just concluded a study that showed that the income from recreational activities is going to be five times as much as the income from extraction activities by the year 2002.

Mr. Taylor. Look at how many people are using it.

Mr. Moran. Yes; that is right; that is an excellent chart. We can put that in for the record right here.

Mr. Regula. Without objection.

Mr. Moran. Thank you, Mr. Chairman.

[The information follows:]

[Page 45--The official Committee record contains additional material here.]

Mr. Moran. Do you find that communities around the country are starting to realize this trend and benefiting from all of the tourism and the recreational opportunities on forest lands, particularly areas that used to be almost solely concentrating on timber harvest production are now looking toward tourism and recreation; and, of course, that means that they have to put in restaurants and lodging and so on. They have to put in the infrastructure. Do you see that taking place in anticipation of this economic growth potential?

Secretary Glickman. There is extensive rural development going on in and around our forests to take advantage of the multiple uses of our forests, recognizing that there is still a role for timber cutting but that there are enhanced roles for other functions as well. One of the great things about the Forest Service being in USDA is that every state has a rural development state director whose job it is to promote water systems, sewer systems, business and industry development and working with the Forest Service to provide the kind of a venue for infrastructure improvements to get this kind of development.

You do have a lot more community interest in this. Trying to establish entrepreneurship is not often as easy as I would like it to be in some of these areas which are particularly remote, but it is a high priority with us.

Mr. Moran. Well, I am not surprised. That really seems to be the economic bridge. It is not that people are so gung ho about harvesting forests as much as the jobs that are involved bringing revenue into areas that have been economically disadvantaged, and if we can provide an infrastructure to bring in revenue for other purposes, we will have, perhaps, a more stable source of income.

road program needs

The other thing I just wanted to raise if I could, Mr. Chairman, to put this road moratorium into perspective, how many miles of new roads were you slated to build in last year's budget? And what percentage of total roads would those new roads have represented? Do we have a figure on that?

Secretary Glickman. Mr. Lyons, do you have those numbers?

Mr. Lyons. You asked for new road construction as a percentage of total roads?

[The information follows:]

The planned construction of new system roads for FY 1998 is 11.1 miles from appropriated funds and 503.7 miles by timber purchasers, for a total of 514.8 miles. That's an increase of 0.14 percent in system miles.

Mr. Moran. Yes, as a percentage in last year's budget. And then, the other thing that I wanted to ask while you are getting that is to tie it in to the previous question. Is the road building moratorium going to reduce recreational access to the forests? Or do you think, in your judgment, we already have enough roads to adequately access those areas for most recreational users?

[The information follows:]

To respond to your question on recreation access, the road moratorium has no significant effect. There would be less than two miles nationally of road being constructed or reconstructed primarily for the purpose of recreation access within roadless areas. Therefore, the majority of pre-existing recreation access continues.

Secretary Glickman. Well, we have 380,000 miles of roads. Many of them are not being properly maintained, because there are not enough funding resources although we are maintaining those roads that are actively involved in recreation usage. You know, the big problem we have is the inadequacy of resources to deal with this backlog of maintenance needs on the roads that we already have.

Mr. Moran. So, it is not so much building new roads as much as you would consider a higher priority really adequately maintaining the existing road network.

Mr. Lyons. That is correct; certainly, for the recreational activities, that is correct.

Mr. Dicks. Would the gentleman yield just on one point that Mr. Lyons made with some of us that he met with yesterday? He is actually having to shut down some roads because of a lack of maintenance funding and bridge funding; is that not correct?

Mr. Lyons. That is correct. With the budget situation, for example, we face circumstances where we have to shut down the system for public safety concerns. And so, unfortunately, without the investment in maintenance, we are seeing a shutdown.

Mr. Taylor. Would the gentleman yield on that?

Mr. Moran. Yes; let me just make a point, and then, you can probably respond to that, too, Charles, while you are at it.

It just seemed to me with all of the reaction that occurred with the 18-month moratorium that it is interesting to put this

in perspective, that the real priority is having the resources to maintain the road network we currently have even greater than----

Secretary Glickman. I did not mean to leave the impression it was only for recreation.

Mr. Moran. Yes, sure.

Secretary Glickman. It is also for the timber interests as well.

Mr. Moran. Charles?

Mr. Taylor. The gentleman that we--in 1996, we built 147 in new roads. We took out 1,440. Ten times as many were obliterated. And that is what concerns a lot of us about why we need the 18-month moratorium.

Mr. Regula. Mr. Lyons, do you want to respond to that?

Mr. Lyons. I think that I prefer to give you accurate figures on that. That is not the figures I have, Congressman Taylor. So, we would have to get you that information.

I would tell you, for example, that, in the 1999 proposal we would actually propose to increase the number of miles decommission roads to 3,500 miles, which is the biggest increase that we have seen. We know from current forest plans, this is information generated at the forest level, that we have about a 40,000 mile backlog of inventoried and uninventoried roads which could be decommissioned over a 10-year period. This has been determined through a public planning process.

Mr. Taylor. Mr. Chairman, I would like to submit as part of the record with the U.S. Department of Agriculture Forest Service fact sheet, and that is with the figures I just quoted.

Mr. Regula. Without objection, this will be made part of the record.

[The information follows:]

[Page 48--The official Committee record contains additional material here.]

Mr. Taylor. I would hope the Secretary would read that.

Mr. Moran. I do not want to impose on your indulgence any more, Mr. Chairman. I know we are on a tight time frame. So, I will conclude.

accountability

Mr. Regula. We will continue; however, Mr. Secretary, I think you have to go. Let me just comment that I would like to stress that you work with the agency, and your role is to enhance the accountability. Mr. Taylor touched on that, and I think it is a serious problem.

Secretary Glickman. That is a fair question, and we will respond specifically to that. There is no question that the Forest Service has administrative management challenges. We are working along with our Chief Financial Officer and Mike Dombeck and our IG to update and modernize their accounting systems, information systems and the like.

Mr. Dicks. Mr. Chairman?

Mr. Regula. Yes?

Mr. Dicks. Is there any estimate of how much money is not being collected?

Mr. Regula. I do not think they really know; am I correct?
Well, in any event, if you have that for the record, please provide it.

Secretary Glickman. We will provide that for the record.
[The information follows:]

The Forest Service has not estimated how much money is not being collected to recover costs associated with some services. However, the Agency is currently reviewing the appropriateness of cost recovery regulations for processing and administering authorizations, i.e., primarily special use authorizations, for the occupancy and use of National Forest System (NFS) lands. The issue of recovering costs for services historically provided by the Agency at no charge to applicants can be very controversial. The issue was also raised in a 1998 GAO report where fair market value cost recovery for goods or services such as resort lodges, marinas, guide services, private recreational cabins, and the like were mentioned. Previously, Forest Service management had not proposed that the Secretary of Agriculture promulgate regulations for the recovery of costs to the United States related to special use authorization applications. Costs eligible for recovery in association with special use authorizations may include costs of special studies, environmental impact statements, monitoring construction, operation, maintenance and termination of any authorized facility, or other special activities.

Mr. Regula. But I do think it is a serious problem. It requires the attention of everyone in the agency. We reserve the right to have you back. It all depends how we work it out. And let me say particularly, the President's budget request is based on a lot of user fees, which I do not believe the public will embrace. Given that fact, we are probably going to have to prioritize in the use of the funds that are available, and we would like to work with you and get your input on any prioritizing we have to do based on what is reality as far as the funds we have available.

Secretary Glickman. I understand the controversy about user fees because Mr. Skeen and I have talked a lot about them in other areas of the department. What we have found in the case of recreation user fees is that the public is very supportive if they know that the collections are going into something that they see every day.

Mr. Regula. Well, those are the fees that you collect at the gate. But, many of these user fees are something entirely different.

We appreciate your coming, and I understand you will stay, Mr. Dombeck.

Secretary Glickman. Yes, Mr. Dombeck will stay to answer the detailed questions.

Mr. Regula. Okay; Mr. Dicks?

Secretary Glickman. Thank you.

Mr. Dicks. Are you back to me?

Mr. Regula. Yes.

[The following questions and answers were submitted for the record:]

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U.S. Department of Agriculture

U.S. Forest Service

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Thursday, March 19, 1998 and Tuesday, March 31, 1998.

U.S. FOREST SERVICE

WITNESSES

MICHAEL P. DOMBECK, CHIEF
ROBERT JOSLIN, DEPUTY CHIEF, NATIONAL FOREST SYSTEM
ROBERT LEWIS, DEPUTY CHIEF, RESEARCH AND DEVELOPMENT
JANICE McDOUGLE, ACTING DEPUTY CHIEF, STATE AND PRIVATE FORESTRY
CLYDE THOMPSON, ACTING DEPUTY CHIEF, OPERATIONS
RON STEWART, DEPUTY CHIEF, PROGRAMS AND LEGISLATION
FRANCIS PANDOLFI, SPECIAL ASSISTANT TO THE CHIEF

[Pages 88 - 89--The official Committee record contains additional material here.]

Mr. Regula. Would you like to put any statement in the record?

Chief's Opening Remarks

Mr. Dombeck. I would like to make just some very brief comments.

Mr. Regula. Okay.

Mr. Dombeck. And introduce some of my staff.

Well, thank you, Mr. Chairman, and we appreciate the opportunity to be here to answer your questions. I would like to take a moment to highlight some issues that I have been thinking about and talk a little bit about budget priorities. I have been in the job now about 15 months. The goals I have been focusing on are: restoring and maintaining the health of the land within the context of multiple-use management; ensuring accountability for what we do on the land; our financial resources and business systems; civil rights of our employees; and promoting collaborative stewardship partnerships and decisions based upon the best science.

As you know, the Forest Service has a National Forest System of 191 million acres, a very significant research program, and also a State and Private Forestry program that provides assistance important to many, many people.

On March 2, I delivered an address to employees where I outlined an agenda we have been developing for some time based

upon much input from employees, many, many meetings, and many years of professional forest management assistance by the Forest Service employees. I am really focusing on four key areas with this agenda: watershed health and restoration; sustainable forest management; the forest road system; and recreation. I would be happy to discuss any of those areas with you or any of the members of the committee.

I do want to close in mentioning one issue that is very, very important to me. That is the combined issue of accountability, financial management, data systems, and performance measures. As of February 7 this year, the level of concern over accountability is very high. We have more than 100 separate audits going on conducted by the General Accounting Office and the USDA Office of the Inspector General. I want to assure you that accountability and our business management practices are very, very high on my list. We are going to be moving forward aggressively to address those issues. I would invite the committee, as well as other members of Congress, to work with us. The situation has evolved over time. It is something that, if any of us could snap our fingers to fix it instantly, we would like to do just that.

So, I ask you for your support and cooperation in highlighting something very important to me and the Forest Service.

I have with me Bob Joslin, Deputy Chief for the National Forest System, and in the empty chair here, I hope to utilize other leadership of the Forest Service: Clyde Thompson is Acting Deputy Chief in charge of operations; Robert Lewis is Deputy Chief in charge of Research and Development; Ron Stewart is Deputy Chief for Programs and Legislation; and Janice McDougale is Acting Deputy Chief for State and Private Forestry. I will be calling on their expertise. It is a big program, lots of issues, and they are the experts.

[The statement of Michael Dombeck follows:]

[Pages 91 - 95--The official Committee record contains additional material here.]

Mr. Regula. Thank you.

Mr. Nethercutt, your friends over here have deferred to you because you have to chair another committee; so, you may lead off with your questions.

Mr. Nethercutt. Well, thank you very much. I will be brief because I do have to leave. Thanks again, Mr. Dombeck.

interior columbia basin project

I want to talk about the Interior Columbia Basin Project. It has been a concern of mine for the last few years. Section 323(a) of the FY 1998 Appropriations Act from this subcommittee requires that a report be submitted to the committee which must include the estimated production of goods and services from each unit of the Federal lands for the first 5 years of the implementation of the project.

I understand you may be working on this. Has it been completed or where are we regarding that requirement of this committee?

Mr. Dombeck. Let me ask the staff exactly where that is at.

Mr. Joslin. Are you talking about the economic study there?

Mr. Nethercutt. I am quoting out of Section 323: the estimated production of goods and services from each unit of the Federal lands for the first 5 years. What are you going to get out of the Colville National Forest for example?

Mr. Joslin. Yes; we have submitted that economic study. We have not completed the work that you are talking about. We are working on that.

Mr. Nethercutt. But the record of decision, to the extent that it issued, will immediately amend all 74 land management plans; is that correct?

Mr. Joslin. Yes, sir.

Mr. Nethercutt. Okay; and if those land management plans are affected, the local planning, the land management planning for each forest and BLM district will be affected; would you agree with that?

Mr. Joslin. Yes; the plans would be amended overall, but those specifics for each individual plan will not--the total amendment will not occur as a result of the Columbia River Basin Project.

Mr. Nethercutt. Well, my concern is that we are going to amend the local land use plans; we are going to amend the local forest plans; but, yet, the project managers do not have any sense of what the estimated production of goods and services from each unit of these lands is going to be.

Mr. Joslin. Well, I think they will have, yes.

Mr. Nethercutt. Well, how will they have that if the work has not been done that is required to be done under existing law?

Mr. Joslin. That work will be done before that comes out.

Mr. Nethercutt. Before the record of the decision?

Mr. Joslin. Yes, I hope it will be, yes.

Mr. Nethercutt. You hope, sir, or it will?

Mr. Joslin. Yes, it will be. [Laughter.]

Mr. Nethercutt. Because it is required that it be submitted----

Mr. Joslin. Yes.

Mr. Nethercutt [continuing]. Prior to any decision document so----

Mr. Dombeck. The timetable for the close of the comment period, as you know, is May 6, and I believe, then, we would anticipate that the record of decision would be signed in about a year.

Mr. Joslin. Right.

Mr. Nethercutt. So, you think you can get it all done within that time.

Mr. Dombeck. Yes.

interior columbia basin project funding

Mr. Nethercutt. You indicated you need another \$10 million in additional funding and the redirection of \$114 million from your existing budget for implementation of the project. Are those still good numbers?

Mr. Dombeck. Yes.

Mr. Nethercutt. You have asked for \$124 million for fiscal year 1999 to implement. Is that the number that you have asked

for?

Mr. Dombeck. That is correct.

Mr. Nethercutt. If you have \$124 million budgeted for FY 1999, is it accurate, then, to assume that in fiscal year 2000, you would need about four times that amount for the implementation? In other words, if you look at the numbers for fiscal year 1999 versus what is coming in the years ahead, is that consistent with your projections? Do you follow my question?

Mr. Dombeck. I think so; let me start and then ask the staff to dig out additional numbers if they have them.

We are assuming that implementation would begin during the last quarter of the fiscal year; hence, the requested funding increase because we would be reprioritizing, putting priorities on some things that would be consistent with the new record of decision.

Mr. Nethercutt. So, \$124 million for the last quarter.

Mr. Dombeck. No, for the entire year.

Mr. Nethercutt. Okay; but you are going to be doing the work in the last quarter, correct? Spending that money in the last quarter?

Mr. Dombeck. No, the \$114 million of the \$124 million is really the base funding for the National Forests and Research within the Columbia Basin. The National Forests within the Basin represent approximately 15 percent of the entire National Forest System land base. I would suspect that in the \$114 million base funding \$60 million to \$70 million is included for timber management. So, it is the continuation of an existing program, perhaps with slightly different priorities, that would be dictated by the new record of decision.

Mr. Nethercutt. Thank you.

I will have some other questions for the record, if I may, Mr. Chairman.

Mr. Regula. Yes.

Mr. Nethercutt. Mr. Dombeck, thank you very much.

Mr. Regula. We are going to have a 15 minute vote, followed by a 5 minute vote coming up. Do you want to come back to ask your questions?

Mr. Skaggs. Mr. Chairman, as the Chairman knows, we have a meeting of the committee Democrats.

Mr. Dicks. Why do we not go as late as we can here and then----

Mr. Regula. Okay; why do we not maybe have time for about one minute from each or one question from each of you?

Mr. Skaggs. A couple of comments; one, I want to----

Mr. Dicks. We have got 15 minutes here, do we not, Mr. Chairman?

Mr. Regula. Yes; go ahead, Mr. Skaggs.

Mr. Skaggs. For the record, one of your many good people out in my part of the country, Skip Underwood, has been working very helpfully with us in dealing with the Boulder, Colorado pipeline issue, and as the Chairman knows, we believe we have been able to resolve many, many very contentious issues there. It is because a lot of people of good will have helped make that happen. I appreciate the Forest Service's forthcomingness on that, and Skip, in particular, has done good work for you.

I was glad to see that the acquisition of some property

within the Maroon Bells wilderness, the Conundrum Creek Mine property, has a high place on your priority list and I hope, Mr. Chairman, that we will be able to implement that.

stabilization of payments to states

For the record, if you would be kind enough, in connection with your effort to stabilize funding for local communities coming out of your program, I really would be interested in understanding the multiplier effect of these recreational uses that we have been talking about and the net tax benefit to those same local communities that are getting, now, less coming out of the timber cutting side of the program. While we want to be fair and appropriate, we should deal with all of the important economic factors that bear on what a fair and appropriate level might be.

Mr. Regula. You might want to comment for the record. That is a pretty significant question.

Mr. Skaggs. That means the Chairman wants an answer too, right?

Mr. Regula. That is correct.

[The information follows:]

We do not have specific information related to the multiplier effect of recreational uses in every local community nor do we have information on the net tax benefit to communities. A national economic impact analysis was reported in ``The Forest Service Program for Forest and Rangeland Resources: A Long-Term Strategic Plan'' (Draft 1995 RPA Program). Based on the Draft RPA Program analysis, it was estimated that spending by recreation users and the associated multiplier effects contributed about \$93 billion of Gross Domestic Product in the 1993 national economy related to national forest recreation. However, there is no information available from this national level analysis to estimate the proportional amounts attributable to individual local economies.

Mr. Skaggs. One other comment for the record.

Mr. Regula. Okay.

Mr. Skaggs. If you can, advise us whether there is any need for legislative language to deal with what may be a colocation of the Boulder Ranger District office with a state forest service office or whether you have discretion in existing law to take care of that.

Thank you, Mr. Chairman.

[The information follows:]

To construct a new office to be shared by State and USDA--Forest Service personnel, special legislative language is needed. The language should address issues such as the sharing of administrative support, financial liabilities, health and safety responsibilities, etc. To ensure that all complexities of colocation are covered in the language, we suggest that all interested parties participate in the discussion.

Mr. Regula. Mr. Dicks.

roads policy proposal

Mr. Dicks. What is the total--you are talking about this decommissioning of roads. How much of the whole system are we going to decommission? I mean, we have 360,000 miles, and 86,000 are arterials? What are we looking at here?

Mr. Dombeck. The total system is 373,000 miles which are planned roads officially on the books and all in rural areas. There are other roads that just happen to be there because people have been using them for a long time.

Land Management plans are typically implemented over a 10-year or more period of time. In regard to roads, decommissioning, 40,000 miles of inventoried and uninventoried roads is definitely within our long-range capability. This is based upon local input to date. I want to say that part of the new policy that we hope to develop is that we know we have more miles of roads than we can afford to maintain today. The new road policy would have two major factors: number one is analysis based upon the best science and technology about how to build a road.

Mr. Dicks. Are most of these roads locals?

Mr. Dombeck. 86,000 miles of the roads are arterial and collector roads.

Mr. Dicks. No, I know that.

Mr. Dombeck. The remainder are local.

Mr. Dicks. The ones you are going to decommission. I am talking about decommissioning now. Are most of those the locals?

Mr. Joslin. Yes, they are.

Mr. Dombeck. Yes.

Mr. Dicks. Almost all of them, right?

Mr. Joslin. Yes, they are; that is correct.

Mr. Dicks. Because the other roads are very important; I think the arterial---

Mr. Joslin. Yes; arterial and collector roads are main trunk roads.

Mr. Dicks. We would like to have a breakout. If you can give us the breakout on a state-by-state basis of what roads are going to be decommissioned, we would like to know that.

Mr. Dombeck. Yes.

[The information follows:]

The Forest Service has the capability of decommissioning 40,000 miles of inventoried and uninventoried roads over a long period of time. However, we do not have an inventory or roads planned for decommissioning either by State or by Region. As funds become available to do watershed assessment planning coupled with access and travel management planning, roads no longer needed for resource management and protection, and public use, will be prioritized for decommissioning. Our intent is to do this work on a watershed-by-watershed basis. Priority for assessment and decommissioning will be set at the Forest and Regional levels.

Mr. Dicks. Okay?

northwest forest plan

Now, the other thing: we talked here a little bit yesterday

about adaptive management. How are we doing on that in the forest plan, in the adaptive management areas?

Mr. Joslin. In the Northwest Forest Plan, we have completed eight out of nine areas, and we hope to have the ninth one completed this year. We will have it done. So, I think that is coming along very well. I think that adaptive management is a concept, too, that will probably expand further around the National Forest System.

Mr. Dicks. Thank you, Mr. Chairman.

Mr. Regula. Thank you.

Mr. Dombeck, I anticipate that we are going to have another hearing; I think possibly the afternoon of March 31st. I know Mr. Taylor has a number of issues, as do I, and we have two and possibly three votes coming up. Rather than try to prolong all of this, we will just tentatively schedule for about 2:00 on the 31st, so that we have enough time to adequately address a number of other issues.

Mr. Taylor, anything you want to get in quickly?

Mr. Taylor. Well, the thing that disturbs most of us about the Forest Service . . . you know, I had a crop of beans that I lost \$1 million on one year; I forgot to plant them.

[Laughter.]

Mr. Taylor. Now, this is the type thing we are getting. Nobody knows what is going on in the service as far as accountability, and yet, in the middle of an audit, it seems we lost \$15 million. How can you say that when you have no real data--I mean, it depends on the multitude of facts you are using.

It sounds like what you are doing is pandering to some organization that wants to see a headline rather than talking about science or reality. That is what we would like to get back to: a basis where we have put the folks who have no knowledge in this subject over to the side. There should be public input, but you must look at the science and say, ``this is the best thing to do, scientifically.''

If the Congress wants to do something stupid, that is our--
--

Mr. Regula. Prerogative.

Mr. Taylor. Prerogative, and a good tradition. [Laughter.]

But what I can say, your responsibility, I think, is to look at real science, and we are not doing this. We have our best universities, you have your research areas, and there is-- I would like to go into this a lot more.

Mr. Regula. Well, that is why I think, Mr. Taylor, there are many issues here. We simply have not had time to address them. With the schedule that is coming up, we are going to have another hearing, tentatively at 2:00 on the 31st, and we will pursue these items further at that time.

So, with that, I will adjourn for this morning.

Mr. Regula. The hearing will come to order.

We have scheduled the Forest Service this afternoon. Mr. Nethercutt is going to take over at about 2:00; I've got another committee meeting I have to attend.

Any comments or whatever statements you have will be made a part of the record.

Chief's Opening Remarks.

Mr. Dombeck. Well, I made my statement on March the 19th and I will not add to that. So we can just quickly get into the proceedings. I do want to introduce again the Deputy Chief's represented here: Bob Joslin from the National Forest System; Dr. Robert Lewis, Research and Development; Clyde Thompson from Operations; Ron Stewart, Programs and Legislation; and Janice McDougale from State and Private Forestry. I also have Special Assistant Francis Pandolfi who is prepared to speak on some of the business accountability issues we have been discussing lately and at Thursday's hearing on March the 26th.

So, with that, I would be happy to answer any questions and discuss anything that you like. Thank you.

MULTIPLE-USE MISSION

Mr. Regula. Thank you. I think one of the concerns I have is I don't know whether the Forest Service has a clear definition of its mission today. You started out producing wood fiber. That's why you're in the Department of Agriculture I guess. Then you moved to multiple use, adding recreation. Now with the proposed moratorium on new roads, that really is saying, in effect, that you are now emphasizing wilderness preservation.

When I look back at the numbers, I see we were approving 12 or 13 billion board feet for a cut and now it's down to about 3.5 billion. What do you see as your future mission? Maybe you're just in the process of sorting that out.

Mr. Dombeck. The multiple-use mission of the Forest Service remains intact and I think is very appropriate. We could go back to the history of the Organic Act which provides for a sustainable supply of timber to the Nation while protecting watersheds. The Multiple-Use, Sustained Yield Act further defined the mission to include grazing, mining, and other activities. I really think what the dialogue is about today is more a matter of balance than mission. I think the mission is that, if we work within the limits of the land, the land will take care of us--the fiber will flow, the water will flow, and jobs important to local communities will remain.

The changing dynamic we have is the increase in population in the country, particularly the West, and the increase in the recreational workload we see on the National Forests. I will just cite two examples. The Wasatch Cachel National Forest experiences about a million people a week who visit the National Forest to hike, bike, hunt, fish, camp, walk with their kids, and enjoy the scenery. If we take a look at the Southern California National Forests, we have an exodus of about 2.5 million people every weekend from Los Angeles and San Bernadino, who leave the L.A. Basin and the San Diego area to recreate in the National Forests. That has caused the increase in the workload.

At the same time, we see the reduction in timber harvest, as you mentioned, from 10 to 12 billion board feet in the 1970s, a peak in the 1980s, and, as a result of court injunctions and various controversies, we are now at about the timber harvest levels we were at in the 1950s.

Is it enough? I think the investments in technologies,

forest inventory and analysis, and things like that will continue to chart the course. As I look at my job as Chief of an agency that has a fair amount of controversy associated with projects and proposals, I think we have to use the best science, technology, and resource professionalism we have to provide as much information as we can to the public.

ACCOUNTABILITY FACTOR

Mr. Regula. Well, of course, you're fully aware one of the criticisms is the accountability factor, both fiscal and performance. I think we're entering an era of Government where management is the watchword. What are you doing specifically to overcome that deficiency? I recognize it's a big agency and it has a huge variety of tasks, but I think we still need to try to get control of the accountability.

Mr. Dombeck. Yes. I think the hearing last Thursday highlighted a lot of issues. I certainly appreciate the input from both the Inspector General and the General Accounting Office.

When I came into the job a little bit over a year ago, accountability was bright on the radar screen. I brought in a private sector executive, someone with many years of experience as a CEO, Francis Pandolfi, who is here and prepared to talk about any of these issues. We then commissioned Coopers and Lybrand the consulting firm helping the IRS and others and they have made extensive recommendations for procedural and organizational changes. For example, the five top recommendations they make is to establish a CFO and a strengthened organization to lead the business management effort. One of the things we need most in the Forest Service is the data, the information, the systems so that we can truly take a look at exactly what things are costing us and where the trade-offs are.

Mr. Regula. How long will it take you to accomplish those recommendations?

Mr. Dombeck. I would say a minimum of five years. However, we can show progress much sooner than that in getting the systems in place. The world-renowned Jack Welch, who retooled General Electric, took about 10 years to get GE where he wanted GE to be in business management. We are making progress through incremental changes. The information systems are beginning to be put into place. We are going to have a complete inventory of real and personal property done by the end of June--location, what it is, and value. We are beginning to put into place things like that.

Just to give you an idea of the level of complexity in the organization: We do about 75 million transactions a month; we have 800 data entry points; and we have about 40 systems that do not talk to one another. The same kinds of things are measured differently in different parts of the country.

Mr. Regula. I'm curious, how did you build up to 40 systems that don't communicate? They are all Forest Service systems?

Mr. Dombeck. I think over time we have had an accretion of increasing complexity. It is time now to cut through it. If there is a point that I continually stress with the leadership of the Forest Service and that I hear from the advice of

experts, it is that we have an exceedingly complex system that is and the only way to cut through it is to simplify the system at every turn because it is so process-laden.

For example, we have about 100,000 active management codes, 2 and million management codes on the books. Some of those management codes have transactions of \$50,000, some of them even have as little as \$5,000, and we are talking about an organization with a \$3 billion budget. I believe the most significant thing the Forest Service can do is to really move forward and modernize its business management principles.

The decentralized nature of Forest Service culture necessitates the way decisions are made--on the ground by professionals, because the Wayne National Forest is different from the Pisgah National Forest is different from the Tongass National Forest. But that has also drifted into business management. We have to bringing discipline to business management in the organization because a debit and a credit are the same whether you are in Alaska, Florida or Ohio.

FOREST MANAGEMENT TRAINING

Mr. Regula. If you recall, last week, we had the joint hearing on the Forest Service and one of the criticisms was you had a program that was a ``touchy-feely'' type of thing. My question is, are you doing something to teach these forest supervisors good management practices? It seems to me if you're going to do any education program at all, it ought to be focused on management techniques and policies.

Mr. Dombeck. Training is one of the key aspects recommended by Coopers and Lybrand. In fact, a significant amount of training has been conducted already. We could talk about some of the details of that training.

Another part of the administrative side of the agency is when we went through recent personnel reductions. Over the last few years, the administrative side of the organization was hit with reductions at a disproportionately higher level than the rest of the organization. One of the things we are going to have to do, as we get on top of business management, is bring in, not a lot of people, but perhaps somewhere in the neighborhood of 50 to 100 people agency-wide who would really focus on bringing discipline to business management.

Mr. Regula. I think you need to get your managers or supervisors to think management in the Forest Service. That's the future in Government as I see it, and how we better use the resources.

Another question deals with fuel build up. Mr. Taylor provided leadership on salvage, not without some opposition, am I correct, Mr. Taylor? [Laughter.]

FUEL LOADING BUILDUPS

Mr. Regula. It seems to me, and I've got about 80 acres of forest on my farm, that if you don't have some kind of a salvage program, you're going to get a fuel build-up. then when you get lightening precipitated fire, it's going to be much more intense than if you can address this by getting out the dead trees and maybe having a better program of forest health.

What am I missing here?

Mr. Dombeck. As I testified before, we estimate about 40 million acres, mostly in the Intermountain West, at high risk to fire----

Mr. Regula. Because of fuel build-up?

Mr. Dombeck. Fuel build-up is a big part of it. It is a lot more complicated issue that also gets into business management and budgeting. We understand resource management quite well. Where we might have had 200 or 300 stems per acre of ponderosa pine, today we might have 3,000 stems per acre Grand fir species. Also, because of a combination of complete fire suppression--so you did not have the cool burns that would go through naturally every, say, 7 to 15 years in those areas we had suppressed that completely---with ladder fuels and so on building up for decades, we have got a situation where we know it is going to burn; it is just a matter of when. So, if ever there was a jobs program--we need to better integrate our timber management program with all of these needs--dealing with the urban-wildland interface, dealing with forest health issues, dealing with fuel--loading issues--and integrate them to the greatest extent we can.

That gets back to one of the things I asked myself at the very first hearing I attended when I came into this job, Sun River in front of Chairman Smith last January 16, 1997: How could something like this have evolved? I believe it has to do with our incentive system, and part of it has to do with our budget structure. We know what we have to do. We just have to get the systems in place, working with Congress, so we can deal with it.

From the standpoint of thinning, we are ratcheting that up significantly. In fact, we have asked for more money in the 1999 budget to increase thinning to 1.5 million acres.

TIMBER SALVAGE PROGRAM

Mr. Regula. But that's not thinning by salvage operations. Is that not thinning by taking out the stems?

Mr. Joslin. That is a combination of both. It would be a combination of both. In some of those areas where you are taking out smaller material and utilizing that, it is a combination.

Mr. Regula. Like chipboard?

Mr. Joslin. Yes.

Mr. Regula. Do you have to do an EIS in order to do thinning where you're going to sell that material for chipboard?

Mr. Dombeck. We have to go through the NEPA process. It may be an EA or it could be an EIS, depending on the magnitude.

Mr. Regula. That was one of the criticisms of the salvage bill is that it by-passed the normal time. But a tree that has fallen over isn't going to last three or four years while you do all your NEPA requirements.

Mr. Taylor.

Mr. Taylor. Thank you, Mr. Chairman.

Those who were so vocal on worrying that we might cut down a tree that wasn't fully diseased and, therefore, there was a threat--I think there were a number of investigations I believe that

you folks studied and you never found, at least on the reports I saw, abuse of the salvage bill in the U.S. Forest Service. Yet, when you worry about one or two trees that might have been cut and it might be a border-run situation, and you compare that with what the Chief just said--40 million acres in the West alone that are in danger--it would seem the people who were upset about salvage ought to be more concerned about the 40 million acres. Certainly, there is a greater cause there.

silviculture study report

We also put together, with this committee's support and the authorizing committee's support, a scientific study about two years ago made up of professors from our best silviculture training universities. A little over a year ago, they made a joint presentation to Congress. The Speaker came in and was impressed by the report. It was sent to the authorizers and the appropriators, and then it went on to the Senate. The scientists are now finishing the peer review part of that study. The comments we're getting back, Mr. Chairman, are positive. This went to people who are not of like mind on forestry policy, but none of them could raise any substantial questions with the scientific part of that study.

Now, if you have a widespread study based in science and a peer review across the country, could not your department lend some attention to such a study without having to have another? Did you folks familiarize yourself with that study?

Mr. Dombeck. Yes, I believe the Forest Service reviewed that study. I am not prepared to speak about the details of it. But I think we agree upon the fact that we need to apply the best science, technologies, and integrated timber harvest tools--as you do, and private landowners do as well--to achieve our objectives on the land, especially as we deal with the high-risk areas I spoke of. We need to use all the tools--salvage, harvest, thinning, and prescribed fire--to achieve the goals we want on the land.

Mr. Taylor. There was some concern by a number of people who have talked with me over the months that we may be putting pressure on properly trained scientific silvicultural professionals and that we're trying to put in more placements in the U.S. Forest Service of those that the Chairman would refer to as the ``touchy-feely'' type. If ever we needed professional, modern-trained silviculturalists to guide the Forest Service, it would seem like today would be the day. Can you give me assurance that where forestry is involved--I'm not talking about recreation or other areas, I'm talking about where forestry is involved--that you're trying to seek the best trained silviculturalists? We have a plethora of good schools and universities training such people.

Mr. Dombeck. I am proud of the Forest Service workforce and the professionals we have in the organization who range from foresters and silviculturalists, to many on Robert Lewis' staff in research and technology development, to the hydrologists concerned about water quality. I do not have the breakdown of numbers with me. Is there anything you can add to elaborate on that, Bob?

Mr. Joslin. The only thing that I would add, Congressman, is that we do have a very active silvicultural certification

program we run our foresters through to continue to have topflight silviculturalists in the organization to make those prescriptions out on the ground.

Mr. Taylor. I won't get into any of the information that has been disclosed at this time, I'll get into it maybe at another time, but I would like--with the Chairman's cooperation, and the authorizing committee, as well as minority members here in this committee, and the Forest Service--I would like to see if we can develop a language that would produce real, recognizable accounting figures within the Service so that it will give Congress and the public a chance to observe the reality of our silvicultural programs.

timber sales program information reporting system

For instance, the timber sale program information reporting system, the TSPIRS, that is one portion of your accounting procedures. It certainly is one that focuses toward timber as much as possible. If we were to draft language, would it take us five years to produce a TSPIRS report, or can you do what all of us civilians have to do--the IRS gives us about 12 months to get our accounting ready and they don't take ``no'' for an answer--could we perhaps get accurate reporting, at least in the TSPIRS area, in less than a year? What do you think about that? It may be premature for you to say.

Mr. Joslin. To get our TSPIRS report out?

Mr. Taylor. One that is based in reality with real accounting principles, to divide what really has troubled other areas, so that when this committee looks at your report it sees something that is reality, not pie in the sky as far as accounting is concerned. And I could go into that specifically, but I think, this being the third hearing, we've talked about that several times.

Mr. Dombeck. As mentioned at last Thursday's hearing before not only the Appropriations but Budget and Resources Committees, our reporting systems and our data systems go well beyond TSPIRS and, in fact, what Mr. Pandolfi will be doing along with Clyde Thompson and the Foundation Financial Information System and others--need the support and help of Congress and the energy of the organization--is get these data systems where they need to be. On progress that can be made to develop milestones on an annual basis, I would be happy to have Francis or Clyde further elaborate on timetables, if you want to discuss that here. Our plan will is to present something to the three Committees within 60 to 90 days to make sure we are all on board in where we are headed. We are certainly aware of the need to get all of these systems----

Mr. Taylor. I don't think there is any patience, I can't speak for this committee, but there is not enough patience to wait five years to get accounting that this committee or the Congress can rely on. That would not be tolerated, certainly not by me. Certainly, there are procedures in some areas that would take longer than others, but I would hope that at least by the next report, after this fiscal year, that we could come up with a formula that would give us reality.

When you have one Government agency attacking private businesses or individuals or through the press or whatever and

the Forest Service can't be relied on to furnish contrary information because they don't know what they're doing, then we can't wait five years for that.

Mr. Dombeck. I will let Bob address TSPIRS specifically, because we can make significant progress much faster than five years. I used Jack Welsh and the GE example a little earlier. But we can make specific progress and set milestones much sooner than that. Our target for a clean financial statement was initially 1999; now we are looking at 2000. But, believe me, I am going to do everything I can to keep as much pressure on to bring in the level of expertise we need to achieve that.

Bob, you may want to address the specifics of TSPIRS.

Mr. Joslin. We will work with you, your staff, and other Members of the committee, Congressman Taylor, to address the TSPIRS issue in a timely manner.

Mr. Taylor. We'll try to coordinate that with the Chairman and the chairman of the authorizing committee, also.

Mr. Chairman, thank you.

Mr. Nethercutt [assuming Chair]. Thank you, Mr. Taylor.

Mr. Kolbe.

Mr. Kolbe. Thank you very much.

Chief Dombeck, welcome. I apologize for being a bit late. With the votes and somebody in my office, I'm sorry I didn't get here for your opening statement. I just have a couple of questions that I want to try to pursue in a general way and then some specific follow-ons to that.

In your testimony and in previous remarks that you've made, you have said that the Forest Service, both through its policy and its actions, does support multiple use on forest lands. Is that a correct statement?

Mr. Dombeck. Yes.

multiple-use mission

Mr. Kolbe. I'm afraid that I get conflicting information. When it gets down beyond you to people that implement that policy, or that view that we ought to have multiple use of forest lands, I get conflicting information. Frankly, the General Accounting Office does as well in their report. They suggest that it is not being communicated very effectively from headquarters down to people at the level of the forests.

Let me just give you a couple of reasons why I make the statement that I did. In their report on the lack of financial performance and accountability as resulted in inefficiency and waste, the GAO says, ``The agency tends to limit goods and services on national forests, including recreational experiences, commercial saw timber, and livestock and wildlife forage.'' Being more specific, at a previous hearing that we had a few weeks ago, the Forest Supervisor from the Coronado National Forest, which is largely in my area, said that even though we had closed down a large shooting range in the Santa Catalina Ranger District, he could not find an appropriate site anywhere in that district, in so many hundreds of thousands of acres that exist there. There's another situation in the Prescott National Forest where the Verdi District Ranger has said the same thing, that there is no such thing as an appropriate site for a shooting range there either.

Given these kinds of examples which seem to indicate a very definite trend or view that we should not at least allow for that particular use of forest lands, how can you give me some assurance with some specific concrete, real life examples that this is not the case, that you do allow for multiple uses?

shooting ranges

Mr. Dombeck. I know you are very familiar with the Coronado NF, as both Bob and I participated in that hearing along with John McGee. In fact, we are working with the International Association of Fish and Wildlife Agencies, several other groups, and the NRA to provide shooting ranges. I was just visiting with someone not long ago from North Carolina who asked me to thank a Ranger for the good cooperation they had in opening a new shooting range in North Carolina. Another District Ranger I talked to in Virginia had also opened a new shooting range. It certainly is not our policy not to have shooting ranges.

Mr. Kolbe. Both of those were on Forest Service lands?

Mr. Dombeck. Correct. Bob may want to elaborate on the policy we are working toward. He has been meeting with various interest groups. But I think, certainly, it is an appropriate use. The more we can educate individuals, the more we can teach safety, respect for natural resources, the more it is to everybody's benefit. I am a strong proponent of that. In fact, go to the shooting range out here in Centreville about once a month.

Mr. Joslin. Having just not long ago come from the Southern Region, we have a tremendous number of shooting ranges on the National Forests there as developed recreation sites. We also have other situations--for example, in the Gallatin National Forest--where we worked with the public and came up with a new site there. I think for every one of those cases, Congressman, you need to examine each individual case and see what the situation is. Certainly, I think shooting has a place on the National Forests as do many other recreational uses.

Mr. Kolbe. I appreciate those answers. It's helpful. It doesn't give me an awful lot of comfort when it comes to the particular case I have in mind. I happen to agree with you from a philosophical standpoint; I don't use the gun range, I don't shoot, but I think, as you suggested, it is a legitimate recreational pursuit. And certainly, as you said, from a safety standpoint, not just training safety, but safety of not having wildcat shooting going on, which is legal otherwise, trying to confine that to a shooting range makes a great deal of sense. I think most people in the Tucson area have come to believe that and to understand that.

As you know, the closing of the Rod and Gun Club there, the largest in the country I think in terms of membership, the closing of their shooting range has been a very divisive issue. And I understand that. The community has changed, the place has grown, there are homes and schools closer by. I think most of us on all sides, because there are more than two sides of this, all sides of this issue would agree that finding an alternative location is a preferable result.

shooting ranges

With that in mind, we recently helped facilitate a meeting that brought together all the various players here, not only Forest Service, but the Arizona Game and Fish, the Arizona State Land Department, Pima County, which is where Tucson is located, the Bureau of Land Management, the Rod and Gun Club, the homeowners who opposed the reopening of it, and, as I said, the Forest Service. BLM said they would entertain any proposal to build a range on BLM land. Game and Fish said they are interested in doing all they can to find a site, even offered some money for construction. The county has already provided bonds for some funds at another location which, because of another problem, an endangered species problem which you are probably also familiar with there, the issue of the Pygmy Owl, we have some problems with that. But, I don't know if you're familiar with what the forest supervisor offered.

Basically, the forest supervisor said it wasn't his business to find a site or to go look for one or to suggest where there might be a site for a shooting range, that his only business was to evaluate a site that was brought to him. In other words, go out and do it, then we'll spend a year evaluating it, tell you it's no good, and then you can go try and find another one, and we'll go through the process again. He did say the evaluation would take about a year to do.

What this suggests to me is possibly a general hostility, but I think more than anything it shows the kind of bureaucratic nonsense that seems to go with this agency. It just left everybody, I might say both homeowners and gun range people, with a bad taste in their mouth at the end of this meeting with the view that the Forest Service doesn't want anybody using the lands. I just would ask you, if that's not the case, I would hope that we could find some assurance that they would play a slightly more proactive role in trying to help us locate an alternative site for this.

Mr. Dombeck. I do believe that we must be proactive; we must be facilitators to find solutions. I realize some local issues are divisive and often retractable, but it is important that we play a key role as part of the solution. In fact, just a day or two after the meeting, you made your offer to help locate a site. I really appreciated your positive approach in that as well.

Mr. Kolbe. Thank you. I appreciate that. I hope we can get your supervisor to take the same approach out there.

For the record, I would like you to give us some data on all Forest Service lands over the last five years regarding the changes in the amount of grazing allotments, the numbers of shooting ranges, and the amount of timbering activities that have gone on measured by board feet. I would just like to see overall the total amounts in those different areas that are aside from recreation. If you would give me some information on that just over the last five, or if you've got it over ten, it doesn't make any difference to me, I would just like to see some trends in that way.

[The information follows:]

Timber Sales (Regular and Salvage) by Fiscal Year
(Volume in Million Board Feet)

Fiscal year	Offered	Harvested
1988.....	11,347,700	12,596,361
1989.....	10,514,800	11,950,937
1990.....	11,058,600	10,500,278
1991.....	6,180,100	8,474,919
1992.....	5,062,700	7,289,632
1993.....	4,554,500	5,916,938
1994.....	3,408,500	4,815,327
1995.....	4,006,700	3,865,913
1996.....	4,015,500	3,724,552
1997.....	4,001,100	3,285,294

Grazing Allotments: The following data provides a summary for the nation for the years requested. The data available is not in the same format for all years. Thus, the answer is presented in AUMs (animal unit months), as well as HMs (head months). AUMs are equal unit equivalent months based upon 1000 pound live weight for all animals. The values used by the Forest Service are: cow 1.0, cow with nursing calf 1.32, bull 1.5, yearling 0.7, sheep and goats 0.2, and etc. HMs are a total count of each month of grazing for cattle, sheep, and horses added together. The data source is the yearly ``Report of the Forest Service.''

	1988	1989
AUMs.....	8,382,763	8,059,69
HMs.....	\1\	\1\
\1\ No data.		

Shooting Ranges: The Forest Land Use Report (FLUR) system has information readily available for FYs 1995 to 1997. We were only able to provide an estimate for FY 1994.

Fiscal Year:	Number of Shooting Range Permits
1994.....	79 (estimate)
1995.....	79
1996.....	79
1997.....	79

multiple-use mission

Mr. Kolbe. And lastly, let me just ask you this again, coming back to the general question, is it the Forest Service's

overriding mission to move away from multiple use of forest lands and towards conservation and preservation, like a refuge system? Is that the overall direction that you see the agency going?

Mr. Dombeck. No. I think the balances are shifting.

Mr. Kolbe. Elaborate on that, will you.

Mr. Dombeck. Our responsibility is to study trends in and pressures on uses of resources, within the limits of the land over the long haul. If we take care of the land, it will take care of us from the standpoints of fiber production, clean water, recreation opportunities, grazing, and the whole spectrum of benefit from the land. As populations grow, and particularly as the West becomes more and more urbanized, the pressures increase. We do know there is not enough for everyone to have everything they want from the land because there just is not enough to go around.

I believe the challenge I have, and the challenge we all have, is to determine the appropriate balance for that use. I think there is good agreement on the underlying principle that we as a society depend on the land. I want to reaffirm my support again for active forest management; I oppose a zero-cut policy. We need to use the best science, and better integrate our timber management programs and all our programs, for long-term sustainability.

We have a resource in the United States, like virtually no other developed country, in our public lands, not only National Forests, but the Parks and BLM lands. The job of arriving at that balance seems tougher each year. Those of you on the Committees also feel those same pressures very intensely like we in the agency do.

Mr. Kolbe. I appreciate the statement. Again, I would say that there seems to be a major disconnect between the policy that you've reiterated here and what gets implemented down below or expressed by those who work under you. So I hope you have more success in the future than you seem to have had so far in communicating this policy to those who work in the Forest Service.

roads moratorium

There was a newsletter from one of the organizations recently that suggested that the moratorium on roads is really just the first step towards stopping hunting and fishing on forest lands. Can you assure us that that's not the intent?

Mr. Dombeck. That is absolutely not true. The 191 million acres of the National Forests are places people can go without having to worry about ``No Trespassing'' signs. Dispersed recreation is a big activity. The roads issue, I will admit, has been divisive but it has been divisive for a long time. I think great misunderstanding of the roads issue persists, particularly the temporary suspension of road building.

We are not denying access. We are talking about economics and other issues. This roads issue has been so divisive for so long that somehow we need to reposition the debate. But, more importantly from the standpoint of economics--proposing the projects and building roads in roadless areas--we have appeals and litigation, and a failure rate of about 50 percent compared

to about 20 percent in other areas. So from the standpoint of organizational energy expended and limited resources available, those investments are just not good.

When we cannot take care of the nearly 380,000-mile road system we already have, it is hard for me to justify building more roads. Although I will be the first to acknowledge that as the proposed rule--and I want to say ``proposed'' rule again--develops, the important thing is that we intend to have appropriate emergency measures in place so that if we have safety problems, if we have high-risk problems, we are able to go into those areas, just as we do today, and do what we need to do.

As to the temporary suspension of road building in roadless areas, the RARE II areas, for 1998, we are talking about 172 miles of roads for 99 million board feet of timber. Of that, a little bit over 70 miles is construction of new roads. The remainder is reconstruction or temporary roads. If we take that to 1999 and impacts on RARE II areas, we have, I think, 207 miles of roads for 132 million board feet of timber. So the dichotomy I deal with are: below-cost timber sales; balancing the books; and pressures to do work in areas that are very uneconomic from the standpoint of expending organizational energy.

I know there is disagreement on the issue. But if we could just channel more of our resources into areas of more agreement--where we can better integrate the timber management program with the other needs that we talked about, I think just before you came in, such as the urban-wildland interface, fire-risk, and forest health--that would go a long way toward solving the problem. The other part of the issue is below-cost sales. We are emerging from the era where we could put the cost of management on the back of timber. We could do that when we were harvesting 10 billion board feet a year, but today we are doing what we were in about 1950, about 3.5 to 4 billion, and the dollars are not there. So we need to make investments in other areas.

Mr. Kolbe. Just in closing, I think it is important to remember that there are all kinds of forest roads, like the kind that I used as a kid growing up on a ranch with a forest allotment. We could barely get our jeep over these little trails all the way to the two-lane paved highway that links Tucson with Summerhaven community at the top of Mt. Lemon. There is a huge project of redoing that road to make it more safe, one that's been ongoing now for several years and still has another decade to run. So we have road projects and we have road projects. Sometimes we forget that there are different kinds of forest roads.

Thank you very much, Mr. Chairman.

Mr. Nethercutt. Thank you, Mr. Kolbe.

custodial forest management

Welcome, gentlemen. I also want to acknowledge the presence of Representative Helen Chenoweth from Idaho. We had a series of hearings with others last week, part of which I participated in. I just want to follow up a little bit, gentlemen, on Mr. Kolbe's comments about the moratorium and the state of affairs

at the Forest Service. I know you have a difficult job and these are not easy times for you given the GAO report and the I.G.'s report. I have the clear sense that you're struggling with it and making your best effort, which is commendable.

You were sent a letter on February 20th by two Senators, Senator Murkowski, Senator Craig, and by two Representatives, Don Young and Helen Chenoweth, with a series of questions to respond to and a request for information. In the last paragraph, and I assume you're familiar with the letter, there's a conclusion about the determination of whether the Forest Service will ultimately become a custodial manager of the forest system in America. I assume that's not what you want.

My first question would be, have you responded to these numerous questions and request for information and production of information? And, secondly, what is your response to the conclusion that seems to be reached by that letter?

Mr. Dombeck. Yes. In fact, the staff should have the response. That was signed, I believe, late last week. With all we have been involved with, time seems to run together.

Mr. Nethercutt. I understand.

Mr. Dombeck. The custodial management issue is an interesting issue to consider. I am not sure, but like some of the dialogue about what the mission of the agency is, there is even disagreement on what ``custodial management'' is. When we have 1.7 million vehicles a day on National Forest System roads; when we have 40 million acres at some level of risk from insects, disease, and fire; when we have the number of people hiking, biking, camping, hunting, and fishing; when we have 7,700 bridges--we have a lot of work to be done on the land from forest management, recreation management, in forest health, and controlling millions of acres of invasive, exotic weeds. The list goes on and on. This is a dialogue I think is healthy in probably some incredibly important times we are experiencing now to determine what the appropriate balance of use should be.

appeals and litigation

Mr. Nethercutt. Given that balance that you seek, it seems to me, that until something is fundamentally changed relative to the ability of the citizen to challenge what you do in the Forest Service and what you do in your decision-making, I think we will be faced with a continuation of lawsuits and objections because you will not be able to satisfy everybody. If the perception and the rule is that anybody has a right to challenge in court, I think we are headed for tough times ahead in terms of the ability to have some consensus on how you can best manage the lands under your jurisdiction.

I know that is hard to accept in terms of imposing these restrictions. I raised the issue last week in the hearing, and I know it is unpleasant to talk about it, but the sad reality is you spend a lot of time and effort and energy in just responding to the administrative burdens of your jobs instead of doing those very important things on the ground that I think need to be done. I'm an optimist by nature, although I probably sound pessimistic. Are you pessimistic or optimistic relative to the current state of debate regarding how forests should be

managed and your ability to manage as you see fit?

Mr. Dombeck. Before I declare myself an optimist or pessimist--sometimes it depends upon the day given the level of controversy associated with some of these issues--I ask myself: What choices do I have? I think, number one, we must follow the law. That is what I am paid to do and I do that as intently as I possibly can. Number two, we must base management decisions on the best science and technology we have, and work with people.

And by the way, we do have the results here of the question you asked last week. In fact, I will just show you the numbers of appeals. We, as an agency, spend about \$5 million a year on appeals and about the same amount on litigation. And that is about a 5-year average. So a great amount of organizational energy is expended in this area.

Mr. Nethercutt. This will be placed in the record, without objection.

[The information follows:]

[Page 116--The official Committee record contains additional material here.]

Mr. Nethercutt. Were you finished with that answer?

Mr. Joslin. I just want to add that I am optimistic. I know these are tough times and a lot of disagreement over which way management of the National Forests should go. But I guess I am an optimist, as you are, Mr. Chairman. I think there is great hope for us in the future.

Mr. Dombeck. And I would agree. I did not answer that part of the question. If I were not optimistic, I would not be here; I would be doing something else. I think people care about the land. Open space and large tracts of land are becoming more and more valuable to the American public. Let me cite just one example. The number of tracts of forest land less than 50 acres in the United States doubled from 1978 to 1994. The turnover rate of those lands is also increasing. So, therefore, managing for long-term goals--which we must in forests where species rotation might be 40 years, to 200 years depending upon location--is increasingly important to local communities and the entire country.

Mr. Nethercutt. It really is important to local communities. I don't know if you have been up in my part of the world, but if you have not been to Colville or the North part of the 5th District, I know you have been elsewhere that is similar. The decisions that are made by Government affect the lives of these people who live in this area, who want to continue to be part of it and want to protect it and preserve it but to also use it. And so there is a sensitivity that I believe you have and hope you have to their needs as well. That is why I have been insistent in connection with the Interior Columbia Basin Ecosystem Management Project to have the input of the citizens. You, in the broad sense of decision-makers, have to understand what the feelings are out there and what the consequences are going to be to the actions that are likely to be taken. So it is extremely important and we feel it as Members of Congress and I am sure you feel it from a lot of

different angles. But it can not be forgotten or lost, in my judgement, in terms of policy decisions you make.

urban-wildland interface

Let me ask you some specific questions that I want to get out of the way just for the record. I want to talk with you about the possible need for new firefighting techniques necessitated by increased population and the trend toward suburbanization which has resulted in an increased risk to lives and property from fires in urban-wildland interface areas. As population expands into urban-wildland interface areas, what changes in airborne firefighting techniques is the Forest Service considering to respond to new challenges resulting from these population increases?

Mr. Dombeck. I am not prepared to answer technical questions here but I would be happy to provide that for the record. I believe that one of our biggest challenges in the urban-wildland interface is education. You drive through these areas and you see the heavy fuel loadings with their associated ladder fuels. You see expensive homes with cedar-shake shingles. You just pray they do not have a tough fire year. So we need to educate people from the standpoint of making sure that they use the best safety precautions to protect their property.

We also have to make sure they appreciate stand conditions to avoid catastrophic fire. Over time, people get used to looking at these same dense stands. Yet, historical journals of the 1700s describe open, park-like stands of big timber. This is also a big challenge because the more money we can put into prevention, the less money we have to spend to deal with fires. Fighting fire in an urban-wildland interface, where we have lots of personal property to worry about, is a very, very expensive proposition. More investments up front in education and affecting the appropriate conditions on the land are where I believe we should focus our energy.

But we will talk about technologies as well and provide some information for the record for you.

[The information follows:]

The Forest Service uses a complete array of firefighting technology and includes state-of-the-art warning systems, communications systems, fire equipment, and aircraft of all types. Fires that threaten wildland/urban interface areas are given the highest priority to prevent them from destroying homes. One technique used by the Forest Service to protect homes focuses on fuel treatment near the interface area to reduce fire intensities. This is very effective when homeowners use fire-wise home safety techniques. The combination allows firefighters the best opportunity to stop the fire from entering residential areas. Without such treatments, firefighters are often unable to stop fast-moving wildfires. The Forest Service has also targeted National Forest Service lands adjacent to homes as high priority for hazardous fuel reduction projects. Aircraft are capable of providing initial attack in interface areas. The economics of using converted excess military aircraft as airtankers work in favor of the taxpayer, who has already purchased the aircraft once. Additional benefit is derived from the aircraft because, as a firefighting airtanker, the aircraft operates at a lower cost than if it had been obtained from new or even aging commercial sources. The Forest Service

does not now use these aircraft for airborne fire containment but rather in support of ground firefighters to increase the efficiency of their operations. The initial attack phase is the only time an airtanker might operate without being in support of firefighters on the ground. During this phase, the airtanker would act to reduce fire spread as ground firefighters are sent to suppress the fire.

The Forest Service works with cooperators at all levels on programs and projects designed to mitigate fire occurrence and loss in the wildland/urban interface. These programs are long-term in duration; there are no simple or quick solutions.

Often, the first line of defense in wildland/urban interface fires are Rural Volunteer Fire Departments, which have direct relationships with State Foresters. The Forest Service's Cooperative Fire Protection program has three program components designed to improve the fire protection programs of State and rural fire organizations. The Federal Excess Personal Property (FEPP) program expedites loans of excess federal property to State Foresters and rural communities for their fire protection programs. The Rural Community Fire Protection program provides technical and financial assistance directly to local fire prevention and suppression organizations. The Rural Fire Prevention and Control program works with States to enhance their capacity to prevent wildfires and provide coordinated fire suppression response.

The Forest Service participates at all levels in public awareness and educational campaigns designed for fire departments, homeowners, home builders, homeowner community groups, local governments, insurance companies, landscapers, architects, community planners, and developers. Local contacts are normally the most effective.

The Forest Service is expanding the Hazardous Fuel Reduction program toward a goal of 3 million acres treated in 2005. In recognition of wildland/urban interface fire concerns, a priority focus in the Hazardous Fuel Reduction program is treatment of National Forest System lands adjacent to residential areas.

firefighting program

Mr. Nethercutt. Okay. Any comment?

Ms. McDougle. The only thing that I would add is our fire program is probably one of the best models of interagency cooperation. We cooperate on policies planning, and resources on the ground. We also cooperate with volunteer fire departments in rural communities where there are about 960,000 volunteer fire-fighters. If we had to pay them, it would cost about \$36 billion.

The urban-wildland interface is one of the highest priority interagency efforts. We are working toward better accomplishments.

Mr. Nethercutt. What additional tools, such as initial strike airborne technologies, are available to augment the Forest Service's capability in this area?

Ms. McDougle. We are acquiring bigger tankers to hold more retardants. We are looking at our bases and assessing the ones still of use to us. We are phasing out those no longer useful or which cannot provide services for larger equipment. That is what we are doing now.

Mr. Nethercutt. Have you done anything to evaluate the effectiveness of these tools relative to what you might need specifically for these particular areas that have urban

qualities to them?

Ms. McDougle. We recently completed a research report on how to establish priorities. But in terms of specific equipment, I am not sure we have done much. I think making it a priority on an interagency basis is one of the biggest things we have done. Some of that focuses on Forest Service lands as well as off Forest Service lands.

fuels reduction

Mr. Nethercutt. Do you feel you have effective and adequate resources at this time, or are you going to seek more or different ones as time goes on?

Ms. McDougle. I think we are okay. We propose for 1999 to shift the emphasis from big fire a little bit to fuels reduction. We work cooperatively Service-wide to assess how much we can actually do in reducing fuels. We estimate that by the year 2005 we can treat up to 3 million acres a year. But that will be contingent on the outcome of smoke management guidelines from EPA.

Mr. Nethercutt. How many acres can you cover now?

Ms. McDougle. I think we exceeded our target. We estimated 1 million acres and we did exceed that. But we are ground-truthing to verify whether we can actually do that by vegetation type.

Mr. Dombeck. We are looking at 1.5 million acres in the proposed 1999 budget. Our estimates are that in 1997 we did 1.1 million. We would like to treat at least 3 million a year.

Mr. Nethercutt. Thank you. I will stop now and recognize Mr. Dicks.

Mr. Dicks. Thank you, Mr. Chairman.

Let me ask you one thing. In the debate we had on the forest health on the floor, I think the figure was used that we have 40 million acres where we have a substantial forest health problem. Do you agree with those numbers?

Mr. Dombeck. Yes.

Mr. Dicks. According to your statement, we're going to deal with 1.5 million acres this year.

Mr. Dombeck. Proposed in 1999, yes. We would like to ratchet that up to at least 3 million a year.

Mr. Dicks. When is that going to happen?

Mr. Dombeck. What is the timeframe?

Ms. McDougle. That is by 2005.

Mr. Dombeck. We hope to increase it and achieve that rate by 2005.

Mr. Dicks. Is it going to go up gradually to 3 million, or is it 2005 that we just go to 3 million?

Mr. Dombeck. I presume we would go up gradually, although the need is certainly there to do more.

Mr. Dicks. Of that 40 million acres, how much of that is a severe problem? Are they all severe or are there some that are worse than others in terms of potential forest fire problems?

Mr. Dombeck. Certainly, some are worse than others. I do not know, Bob, if you are prepared to elaborate on the split. Some areas, forest health is significantly better than it has been for a long, long time, like the Allegheny NF, and particularly Appalachian National Forests. In the more arid

climates, particularly the Intermountain West where we have got more even-aged stands and intense fire suppression for the last 50 years, we have got lots of challenges.

Can you elaborate on that, Janice?

Ms. McDougle. The 40 million acres is the field estimate our people are now trying to verify by vegetation type.

forest health issues

Mr. Dicks. On the western side of Washington, Oregon, and Northern California, what are the forest health issues there? They are not as severe I would think as the Intermountain, Rocky Mountain West, or eastern Washington, or where Mr. Nethercutt has his seat. Those are the areas where you've got the hot, dry climate that have the more serious problems; isn't that correct?

Mr. Dombeck. Yes.

Mr. Dicks. What kind of forest health problems do we have in the Owl Forest, for example, on the West side? Do we have any problems there at all?

Mr. Dombeck. My assumption is they are in pretty good shape.

Mr. Joslin. We have some problems there but they are not nearly as significant. We have some problems with insects and disease. Some stands need mechanical work and prescribed fire.

Mr. Dicks. When you say mechanical, you mean thinning, pruning?

Mr. Joslin. Correct.

Mr. Dicks. Is there a backlog there?

Mr. Joslin. Yes, part of that 40 million acres.

Mr. Dicks. In Region VI, Region V?

Mr. Joslin. Every region has some problems. I cannot quote you the figures but we could get those for you, our best estimates.

[The information follows:]

Timber Stand Improvement Needs By Region As of the End of FY 1997

	Acres
Region:	
1.....	407,271
2.....	53,042
3.....	29,602
4.....	60,567
5.....	502,935
6.....	606,772
8.....	78,281
	Acres
Region:	
9.....	51,209
10.....	31,855
Total*.....	1,821,534

*This total is roughly comprised of 23 percent release, 9 percent fertilization, 5 percent pruning, and 63 percent thinning.

Mr. Dicks. When we did option 9 there was a commitment to get up to about a billion board feet in green sales in the Owl Forest. Where are we on that?

timber volume offer

Mr. Dombeck. I think Bob may have the breakdown of green versus salvage volumes. If not, we can get that. But what I show here is that the accomplishment in 1997 was 706 million board feet; the probable sale quantity was 694 million board feet.

Mr. Dicks. That's Forest Service?

Mr. Dombeck. Yes.

Mr. Dicks. And, of course, we're talking here about the Forest Service and the BLM. They add about another 215 million so that gets you up to about 905 million, something in that range. Those are all green sales?

Mr. Joslin. Some of that is salvage volume. For instance, in the fiscal year 1999 budget, we have 596 million board feet of salvage and 807 million board feet of regular green, for a total of 1.403 billion board feet.

Mr. Dicks. That's Region V and Region IV?

Mr. Joslin. Yes, sir.

Mr. Dicks. Both East and West?

Mr. Joslin. In the President's plan, yes.

Mr. Dicks. So it wouldn't be East then, it would just be on the West side?

Mr. Joslin. Right.

Mr. Dicks. Now on this roads issue, we had a hard time up here explaining this issue to Members of Congress. We have had these statistics that have been thrown out this year that we have a \$10.5 billion problem in terms of dealing with the road issues. That is nation-wide, correct?

Mr. Dombeck. Yes.

road construction

Mr. Dicks. And you've got some road work that needs to be done on a lot of these roads. So this is not all going out and building new roads, this is just fixing and maintaining the road structure that we already have. Isn't that correct?

Mr. Dombeck. Correct.

Mr. Dicks. In this year's budget, of the money that is being spent, how much of it is going to be to build new roads nation-wide?

Mr. Dombeck. I will ask Bob to get that table out.

Mr. Joslin. In fiscal year 1999, we would have 411 miles of construction and 3,541 miles of reconstruction.

Mr. Dicks. Okay. So 411 miles of construction?

Mr. Joslin. Right.

Mr. Dicks. None of this is done under purchase or credit, because you've eliminated purchase or credit, right, in your budget?

Mr. Dombeck. Yes.

Mr. Dicks. Who would wind up doing that 411 miles of construction?

Mr. Joslin. Primarily, the timber purchasers.

Mr. Dicks. And the way that works is that they just take into account what it is going to cost them to build the roads when they bid on the timber.

Mr. Joslin. Correct.

Mr. Dicks. So they, in essence, reduce their bid accordingly. And if we had built the roads ourselves--do we build any of these roads?

Mr. Joslin. We have seven miles to build but that is not in connection with the timber sale program.

Mr. Nethercutt. Would the gentleman yield for just one second?

Mr. Dicks. Yes.

Mr. Nethercutt. When you just responded the bid comes in and they subtract for the roads, does that mean they have to pay up front the money for the roads?

Mr. Joslin. What I believe he said, Congressman, was that they would reduce the bid price.

Mr. Dicks. They reduce by what they estimate it will cost them to build the roads. So there's no subsidy here. This idea that somehow we're subsidizing these roads is not right. Is there any subsidy in the classic definition of the word?

Mr. Joslin. No.

Mr. Dicks. Tell me what account there was. Is it under the purchaser credit where there is some idea of subsidies or a way to conceive of a subsidy there?

Mr. Joslin. I think some people came to that conclusion, yes.

Mr. Dicks. Could you explain how a person could come to that conclusion?

Mr. Joslin. I guess I would leave that to someone who reached that conclusion.

Mr. Dicks. But you don't think there is a subsidy?

Mr. Joslin. No.

Mr. Dicks. Because what happens is the person gets a credit for building the road and they just use that credit on a subsequent sale, right?

Mr. Joslin. Right.

Mr. Dicks. So at some point it all nets out. In fact, I'm told that the Government actually got more revenues off the sales in which there was purchaser credit than on the other ones. I don't know if that's accurate. So that if you're arguing subsidy, it is hard for me to conceive of it.

recreation roads

There are a lot of people who just don't like roads. One of the points I want to make is to emphasize how much of these roads are used for recreational purposes. Now, you have that chart of how much of it is used for timber purposes and how much is used for recreational purposes. It is an enormous plus on the side of recreational utilization. Isn't that correct?

Mr. Dombeck. Yes. Nationwide, we have about 15,000 vehicles per day associated with timber harvest.

Mr. Dicks. That's 15,000 vehicles a day?

Mr. Dombeck. Per day. That is about the same number as in the 1950s. Recreational use on the 380,000 miles of National Forest roads is about 1.7 million vehicles a day. That is ten

times what it was in the 1950s.

Mr. Dicks. Recreation use is 1.7 million vehicles per day?

Mr. Dombeck. Yes.

Mr. Dicks. And that's up from about 170,000?

Mr. Dombeck. That is a tenfold increase from the 1950s.

Mr. Dicks. And isn't it true that the Forest Service provides more recreational opportunity than the Park Service?

Mr. Dombeck. Yes.

Mr. Dicks. That when you look at all the facilities, all the places that the average citizen can go to, they can't get there unless you have a road system. Isn't that correct?

Mr. Dombeck. Yes.

Mr. Dicks. Now, I agree with the notion that we ought to take out some of the older roads that are having problems and there ought to be some road obliteration. How much in your budget this year are you going to have for getting rid of troublesome roads or roads that are a problem?

road obliteration

Mr. Dombeck. The proposed budget calls for 3,500 miles of decommissioning. But I also want to say that includes a variety of things, from converting roads to hiking trails, hunter-walking trails, and other kinds of things.

Mr. Dicks. Other utilizations.

Mr. Dombeck. Yes,

Mr. Dicks. It isn't like we're just locking up areas where people then can't get into.

Mr. Dombeck. Yes. And it is only in the most severe situations, where we have significant, very costly sedimentation problems, that we move into the actual practice of obliterating the road, which would call for removing culverts. That is also an expensive proposition.

Mr. Dicks. Now this backlog, this \$10.5 billion backlog, the other day we had a hearing in which you didn't do so well--this was maybe like Dien Bien Phu for the Forest Service--in terms of your finances. [Laughter.]

Can we have any more confidence in terms of these numbers than the ones we heard about the other day? Are these just as shaky?

Mr. Dombeck. They are estimates. But I have yet to go to a county and talk to a county commissioner who has told me we are doing a good road maintenance job. In fact, usually the first thing I hear is that they want us to do a better job on road maintenance.

road maintenance backlog

Mr. Dicks. I'm sure of that. But is it \$10.5 billion worth? That is what we're trying to find out.

Mr. Dombeck. Well, that is the best estimate we have. But it is an estimate.

Mr. Dicks. But it could be a couple billion dollars either way, right? [Laughter.]

I mean, even Everett Dirksen said ``A billion here and a billion there, and after a while * * *.''' But I'm told by Jim Lyons, you've heard of him, haven't you? [Laughter.]

Mr. Dombeck. Yes.

Mr. Dicks. He said it could be \$1.5 billion up or \$1.5 billion down under your accounting system.

Mr. Dombeck. Well, that is right. But I believe that is only a problem if we had \$10 billion to spend. When we have just a few million dollars to spend, they go to the highest priority areas by Region and by Forest for bridge problems and things like that. We replace about 40 bridges a year. We would like to be doing at least 150 bridges a year to keep up with safety problems. I was just in Colorado and one of the engineers on the Arapaho-Roosevelt NF told me that we did not have one bridge on that Forest totally up to safety standards. Of course, I am very concerned about liability issues associated with that. We have situations where we are reducing load limits on bridges because of maintenance problems.

Mr. Dicks. Are you having to shut down certain areas because of safety problems?

Mr. Dombeck. Because of access problems, road problems, bridge problems, yes.

Of the arterial and collector roads--these would be roads a passenger vehicle can drive down, a non-four-wheel drive off-road vehicle type situation--we have reduced them by about 7,600 miles in the last four years just because of maintenance problems and deteriorating roads. So, in a sense, access is also being reduced because of maintenance.

Mr. Dicks. I have been a supporter of your efforts to do watershed restoration. Many of us feel that restoring habitat in the Northwest is crucial to protecting our salmon and steelhead runs. Yet, 80 percent of the money--and I just thought this used to be a rip-off, frankly, not that you would take our good little sum of watershed restoration money and not use it properly--but all of a sudden I was told that 80 percent of the money for watershed restoration was going into road maintenance. Some cynical types up here might think that you're just taking that money that is supposed to be used for environmental purposes and using it to fix up roads because you've got an inadequate road maintenance program to the tune of \$10.5 billion. But I was persuaded by experts, scientists, that probably the most significant threat to the fish were these deteriorating roads.

If all of a sudden we're not going to be dealing with those roads properly and only doing a fraction of what is necessary, you could see a situation where all this effort with Option 9 and everything else, which I consider to be a multi-specie HCP, could go for naught if we don't fix these roads and you have these washouts and the sediment gets in the river and chokes off the salmon and steelhead runs. Can you tell us, isn't that a real problem?

Mr. Dombeck. It is a real problem. The one you did not mention is the culverts, the crossings that may impede fish passage upstream.

Mr. Dicks. Have we looked at the backlog just on the culverts in Region VI and Region V?

Mr. Dombeck. I do not have that information with me.

Mr. Dicks. Would the regional foresters have that? Would they have any idea what kind of a backlog is related not just to the road maintenance part of the \$10.5 billion--are the

culverts part of that \$10.5 billion?

Mr. Dombeck. Yes, I presume so. Bob?

Mr. Joslin. Yes, they are. The Regional Foresters I believe would have a fairly good idea in regard to your question about culverts, Congressman.

Mr. Dicks. Would fixing the culverts have to be a top priority?

Mr. Dombeck. Yes.

Mr. Dicks. I would like for the record if you could break out that \$10.5 billion so we could understand what are the components of it.

[The information follows:]

The estimated reconstruction backlog was developed by using a 1997 Region 4 inventory of their critical arterial and collector road needs, considering the results of this inventory as a representative sample of all other Regions, and applying Region 4's inventory data Service-wide. The result indicates a Service-wide critical need of over \$10 billion. This figure does not include the less critical repairs on arterial and collector roads, or any consideration of local road reconstruction needs. We do have a good inventory of forest development roads. However, the inventory is maintained by each individual forest and does not include cost estimates of backlog deferred road maintenance, the cost of improvement to meet current safety standards, or current traffic and environmental needs. Also, we do not have site specific data which identifies how much of this estimate is attributable to each road component, i.e. culverts. Of the \$10.5 billion backlog, we estimate that Regions 5 and 6 backlog needs are \$1.5 billion and \$2.1 billion respectively.

We are currently implementing the Travel Routes component of our integrated infrastructure database (INFRA). INFRA will include nationally standardized inventory, deferred maintenance and improvement needs. INFRA Travel Routes will be released by mid-summer, 1998. We expect the forests to complete loading their inventory data by Fall 1999. Our first review of deferred maintenance and road improvement costs data will also take place at that time. The completed INFRA database will give the capability to better review and summarize the total costs of the backlog work.

road maintenance backlog

Mr. Dicks. And so what did you say this year we're doing on road maintenance, what was the total dollars?

Mr. Dombeck. Go ahead, Bob, with the question.

Mr. Joslin. Road maintenance is \$107 million, 45 percent of the roads would be maintained to standard at that funding level. That is up from 38 percent in 1998.

Mr. Dicks. What is that percentage of \$10.5 billion? Is that 1 percent or---

Mr. Joslin. When we talk about the \$10.5 billion, we are talking about reconstruction and not the maintenance part of the budget. We mean culverts, bridges, relocation, reconstruction, and those kinds of things.

Mr. Dicks. Culverts, bridges---

Mr. Joslin. Relocation, actual reconstruction of the roadbed itself in the same location because of environmental effects.

Mr. Dicks. Okay. That's the reconstruction backlog. What is your maintenance backlog?

Mr. Joslin. Well, when I say for that \$107 million we can maintain roads at the 45-percent level, it would take a little over double that to satisfy 100 percent of our maintenance needs.

Mr. Dicks. So that's 45 percent of what you need?

Mr. Joslin. Right.

Mr. Dicks. So it's around \$215 million is what would be needed.

Is obliteration part of reconstruction or is that another account?

Mr. Joslin. No, that is considered part of the maintenance costs that we talked about. The 3,500 miles is part of that.

Mr. Dicks. That's part of the \$107 million?

Mr. Joslin. That's correct.

Mr. Dicks. How much of the \$107 million is obliteration?

Mr. Joslin. About \$5 million.

Mr. Dicks. Then for new construction you said 411 miles?

Mr. Joslin. Correct.

Mr. Dicks. How much is that?

Mr. Joslin. All we have there are the dollars we would need for engineering support. We do not have the cost----

Mr. Dicks. Because it comes out of the revenues?

Mr. Joslin. Right. The funds there to support that, plus the 7.5 miles we plan for access construction of new roads, would be just over \$1 million. There you are talking about blacktop roads for recreation sites.

Mr. Dicks. I'll finish this up here quickly, Mr. Chairman.

roads moratorium

Tell me about your roadless policy.

Mr. Dombeck. The proposal out now calls for a temporary----

Mr. Dicks. This is in the Federal Register right now getting comments?

Mr. Dombeck. Yes. In fact, there was a 60-day comment period and that comment period closed yesterday. The Washington staff told me they received in excess of 3,500 comments. Many of the comments have not yet been received from the field.

Mr. Dicks. Were some of them nasty? [Laughter.]

Mr. Dombeck. A great proportion of them have been supportive.

Mr. Dicks. Supportive of what? [Laughter.]

Mr. Dombeck. The proposal calls for a temporary suspension of road building. This, again, is another widely misunderstood issue. We are not talking about changing land allocations; we are talking about road construction or reconstruction. We are talking about building roads in typically very controversial areas. The number of appeals and litigation resulting in the failure rate of those road building projects are sometimes as high as 50 percent compared to about 20 percent in other areas. From the standpoint of economics and the business management side of what we do, the organization spends too much money and effort--everything from law enforcement to deal with demonstrators and those kinds of things in these areas--for what we get out of the investment.

I think I mentioned earlier before you came into the hearing, in 1998, in RARE II areas, we have about 99.6 million board feet out of a 3.6-billion-board-foot program nationally. To get that amount of timber out would require about 170 miles of roads: about 70 miles of new construction plus some reconstruction and some temporary roads. These are expensive areas to get into.

We can continue the roads conversation any way you want, but I think it is important that we pause. As I look at the program and at my responsibilities as Chief, I see that this issue has just been pulling us apart for 15 years. We almost lost 80 percent of the program in 1996. Somehow, we must change the terms of the dynamic so people understand----

Mr. Dicks. In other words, we've got to surrender but the other side won't give us any terms. If we surrender this, then it will be something on top of it until we never build another road and take them all out and not harvest a single tree. There is no way to satisfy the critics here that I know of, based on my 30 years on Capitol Hill. There is simply no way to reach an agreement here.

timber volume offer

That 3.5 billion board feet program used to be around 10 billion. Now, maybe that wasn't sustainable, but we have come from 10 billion down to 3.5 billion and they are still out there fighting every step of the way. That's the reality. Do you disagree with that?

Mr. Dombeck. Certainly, the challenges and disagreements are out there. I want to make one other point on the volume. We also have 6.5 billion board feet under contract because the operators have about a 13-year window, depending upon markets and so on, to deal with that. So there is a significant amount of wood out there.

Mr. Dicks. Are people not drawing down the backlog? Are they sitting on that for a while because of market conditions.

Mr. Dombeck. I am not sure.

Mr. Joslin. Yes, and that fluctuates. But normally, we have uncut volume under contract. It varies.

Mr. Dicks. Which is good because you want stability, you want some backlog so that the mills have something to work off of.

Mr. Dombeck. The irony of what we deal with in this situation is: We have many, many, many acres of land we need to do work on. We need to better integrate the timbermanagement program and harvest levels with the urban-wildland interface and forest health. A tremendous amount of work needs to be done. Yet we are so focused on such a small but very intense debate that, somehow we must arrive collectively at a way to move away from it.

Mr. Dicks. Let's say we gave up the 99.6 million in these RARE II areas, do you think that would be the end of it? Do you think the critics would be satisfied?

Mr. Dombeck. We deal with everyone from those who think it is a sin to cut a tree to those who want to cut them all. Yet, there is a large proportion of folks out there who support reasoned, active forest management. That is where we are.

Mr. Dicks. Is 3.5 billion sustainable in your personal and

professional opinion?

Mr. Dombeck. Yes.

Mr. Dicks. So we're not out there over-harvesting today?

Mr. Dombeck. In this job, believe me, the thing I look for most intensely are areas of agreement. In the National Forest System debate, a lot of people do not realize we provide a lot of information and technology for all landowners, from the small woodlot owner, to the industrial forest, to the National Forest Supervisor, to the State Foresters. This is the broadest support of anything I see across the board in the Forest Service is for inventory and analysis to provide the information we need on trends in forest health around the country. If you increase harvest in one area or if you slow it down in one area, what are the impacts of those actions on another area going to be? What are the interactions between private lands, federal lands, and State lands? I have Deputy Chief Robert Lewis from Research and Development who could talk about forest inventory and analysis as long as you wish.

information systems

The other part of the issue really tiers off of Thursday's hearing: having systems in place in the Forest Service with the appropriate data to help us make decisions that are better tied to investments, better tied to helping us prioritize. This is something I am certainly going to do everything in my power to bring about. The entire management team is committed to fixing these data and business management systems. We also know it is not going to be easy to fix them.

Mr. Dicks. BLM, I was with the new head of the BLM the other night and he said they have a new system and he said he would loan it to you if you needed it. He said nobody called him back. He said they had gotten it all straightened out for them.

Mr. Dombeck. I was Acting Director of BLM at the time we received our first clean financial statement in 1995. This started with the Chief Financial Officer Act of 1990. We know what we must do. Forest Service systems are much more complex compared to BLM systems.

Mr. Dicks. Why not simplify them? Why do we have to have 100,000 separate accounts at the Forest level? Why 100,000 accounts? That's utterly ridiculous.

Mr. Dombeck. I am asking that same question.

Mr. Dicks. Then why don't you do something about it?

Mr. Dombeck. We intend to.

Mr. Dicks. Thank you, Mr. Chairman.

Mr. Nethercutt. Thank you, Mr. Dicks.

roads moratorium

Talking about the moratorium, why did you need an 18 month moratorium declaration? I think the perception from some is that it is a capitulation to those who do not want to have any cut in the forest or any harvesting. Why couldn't you do your inventory and your planning and carefully examine those sales that might have been being conducted in or near roadless areas? Why do you have to have this moratorium that now requires you

to process 35,000 comments?

Mr. Dombeck. I based that decision on two primary factors. We touched on both of them here so far today. Number one is the economics of the issue. From the standpoint of a business investment, a great deal of organizational energy goes into these roadless areas. We put a lot of money into these projects only to see them litigated and appealed at a much higher rate than others. The level of controversy associated with them escalates and they are costly to conclude.

Mr. Nethercutt. I understand that. But why does it require a moratorium? Why do you have to declare a moratorium in roadless areas? Why couldn't you just say internally that we are going to look very carefully at these sales that have a high risk and in the process continue to do your planning? I think the fact that you declared a moratorium has created a firestorm and people are very unhappy and, therefore, very critical. It seems to me you would be smarter to say internally let's look very carefully at these kinds of high risk sales and slowly go through them and not make this declaration and maybe accomplish the same thing without expending the energy and resources you had to expend by virtue of the declaration.

You may be facing greater lawsuits when you look at the 5,000-acre configuration and somebody may scheme to say, well, it's closer than you say it is and therefore I am going to file a lawsuit to stop it. That, to me, is a potential that is a consequence of having made the declaration. Maybe it is academic here, but it seems to me it would have been smarter to say let's just be very, very careful about these areas that are roadless, recognizing that they are high risk. But with the declaration, everybody is angry, and scared, worried, and perceiving that you, the agency, has capitulated to those who do not want to have any harvest. Do you disagree?

Mr. Dombeck. Certainly, the roads issue has been a hot topic as long as I have followed it and the level of intensity around the roads issue continues. I talked about economics. The other part is science, much of which has come out of the Interior Columbia Basin Ecosystem Management Project. I think there are many misperceptions. The forest health issue, for example: according to the Columbia Basin Study, 87 percent of forest health problems are in already roaded areas. Now, that does not mean we forget about the 13 percent in roadless areas. We apply the appropriate silvicultural techniques there as well.

We are not blocking access. We are about stopping road construction for 18 months as a timeout to refocus and to make sure people understand what the issue is, and then proceed from there based upon the best science and technologies we have to better integrate the Forest Road System with counties, communities, and States. As uses have changed, I asked our staff to make sure we work with zoning boards and county development commissions because these roads belong to everyone.

Mr. Nethercutt. When you think about who is more capable of analyzing, either a timber sale near a roadless area or forest health, isn't the local forest supervisor better qualified if they're given the opportunity to make those judgments than for you, Chief, to make the declaration than sort of seeming to have it emanate from here rather than from the forest?

Mr. Dombeck. That is certainly the intent in the development of the new policy. Local personnel will have the tools, the best science, technologies, and the mandate to work with county commissioners, and appropriate local entities to determine what roads are needed. They will ensure we have the support base to maintain them. If those roads not needed as part of the transportation system, is their best use a hunter-walking trail, a hiking trail, a biking trail, or, because of other environmental problems, should they be obliterated? Those kinds of decisions need to be made locally.

interior columbia basin ecosystem management project

Mr. Nethercutt. I agree. I just haven't felt the need to have this broad-based huge body of science that, again, conceptually seems to be directed toward a very restrictive policy, especially as it relates to economic and social consequences.

I assume that in your analysis of the Columbia Basin Study you have looked at the social and economic consequences. It seems to me you have an obligation to be able to assess what they are going to be with specificity given the amount of money that's been spent on the study, and, secondly, what your projections are for the future. I would ask you, what do you perceive to be the findings with regard to the social and economic consequences in Colville or Spokane in my district? Do you have that information? Has that been determined yet?

Mr. Dombeck. We have that by forest for RARE II areas in 1998 and 1999. In fact, I would be happy to give you these tables. On the Colville NF, for example, it looks like we will have a reduction of 3 million board feet. It impacts one sale. I would ask the staff if we have the total sales volume for the Colville NF? We probably do not have that information with us.

Mr. Nethercutt. No. I'm talking about the Interior Columbia Basin Ecosystem Project and the social and economic consequences, not just the roadless issue but everything. What is the projection, what are the findings relative to population, to economic loss, to economic consequences? That is what the people on the ground living in the communities are so fearful of, is that your projections are going to be no harvesting or little harvesting in five years and therefore the obliteration of their community as they have known it in terms of their jobs and their ability to participate and live in the area they want to live. Do you see what I'm saying?

Mr. Dombeck. Yes.

Mr. Nethercutt. To what extent have those studies have been done and what specifics are there for those areas within my district as well as for the others in the other States. Can you project that?

Mr. Dombeck. I assume you have seen the socioeconomic study this Committee required of us last year. It has been a while now since I read it. Do you recall, Bob, is that by county?

Mr. Joslin. I think it is by city.

Mr. Nethercutt. Well, I'll review that again and see to what extent it is there and to what extent it is accurate. I think there are some differences. How did you arrive at your social and economic data? What did you do in terms of the

process of arriving at that data?

Mr. Dombeck. I would have to refer you. I would be happy to provide a response for the record done by the experts, the economists and sociologists.

Mr. Nethercutt. This is probably too specific for you, Chief, but my sense is and the information we have is that you have contracted one person to determine what the social and economic consequences in the data would be and you are relying on one person as opposed to seeking a broad range of review. So please verify whether that is accurate or not at least relative to the Columbia Basin project and the State of Washington.

Mr. Dombeck. And I would just offer that I believe that peer review is also important, just as it is in other scientific endeavors, to make sure that we use the best techniques.

Mr. Nethercutt. In some cases, they look at a 20-mile radius, a 35-mile radius, and a 50-mile radius for different communities. I have not found a consistency as to why they use that determination in this community and why they use the determination of that radius in another community. So if you could provide that for the record, it would be great.

[The information follows:]

The development of the report titled ``Economic and Social Conditions of Communities: Economic and Social Characteristics of Interior Columbia Basin Communities and an Estimation of Effects on Communities from the Alternatives of the Eastside and Upper Columbia River Basin Draft Environmental Impact Statements'' was a team effort by members of the ICBEMP staff. The data used for the report came from a variety of sources, including federal, state, and county, as well as universities. The report includes an analysis of 543 communities located in the Basin for their geographic isolation and association with FS and BLM administered lands. Of the 543 communities, employment information was collected for 423 of them. The employment information was used to characterize the industry specialization of the 423 communities.

The mileage figures you referred to (20 mile radius, 35 mile radius, and 50 mile radius) were used in the analysis to determine two things. First, the 35 and 50 mile figures were used in the analysis to determine geographic isolation of a community. This is an important factor when considering the economic choices available to a community. The 50 mile figure was used for those communities with a population of more than 20,000 and located along freeways or major highways. The 35 mile figure was used for those communities not located on freeways or major highways. Second, the 30 mile radius was used to determine the amount of FS and BLM administered lands within 20 miles of the communities. The proximity and amount of FS and BLM administered lands near a community are assumed to have some economic and social importance to the community.

forest planning workload

Mr. Nethercutt. I just want to ask one question here for the record. Your forest planning workload table includes about every national forest covered by the Interior Columbia Basin Management Plans. Why will these plans need to be revised again right after they get modified by the large scale Interior

Columbia Basin Project?

Mr. Joslin. If I could answer that, Mr. Chairman.

Mr. Nethercutt. Sure.

Mr. Joslin. Those plans will be amended to take into consideration the Interior Columbia Ecosystem Management Project Basin. Those plans are also within the 10- to 15-year time limit imposed by the National Forest Management Act for plan revision. I know you are aware we have a committee of scientists examining our planning regulations. The committee will make recommendations at the end of May on new regulations for our land management planning process.

Mr. Nethercutt. Okay. I asked you last week about the information on estimated production of goods and services from each unit of the Federal lands for the first five years of implementation of the Interior Columbia Basin Ecosystem Management Project. That was required by this committee in our appropriation. Have you done that?

Mr. Joslin. On the way.

Mr. Nethercutt. When will that be received?

Mr. Joslin. I cannot give you an exact date right now. But will get back to you.

Mr. Nethercutt. All right. Thank you.

I want to thank you again for your testimony and your patience and your responsiveness. I know you have a tough job and the subcommittee will do its best with your budget. We thank you and wish you well.

Mr. Dombeck. Thank you.

Mr. Nethercutt. Thank you very much.

The hearing is adjourned.

[The following questions and answers were submitted for the record:]

[Pages 133 - 353--The official Committee record contains additional material here.]

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Department of Energy

Secretary of Energy

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Thursday, March 12, 1998.

DEPARTMENT OF ENERGY

WITNESSES

HON. FEDERICO PENA, SECRETARY OF ENERGY
ROBERT S. KRIPOWICZ, PRINCIPAL DEPUTY ASSISTANT SECRETARY FOR FOSSIL
ENERGY
DAN REICHER, ASSISTANT SECRETARY FOR ENERGY EFFICIENCY AND RENEWABLE
ENERGY

Opening Remarks

Mr. Regula [presiding]. Well, we'll get the hearing started.

Thank you for coming, Mr. Secretary. In the interest of time, we'll move along. Your statement will be made a part of the record, and you can summarize for our committee, as you choose.

Secretary Pena. Thank you very much, Mr. Chairman. I believe I have a more complete statement that has been submitted for the record. I have relatively brief introductory testimony which I would like to present just to give the subcommittee a sense of overall progress and accomplishments and challenges, and then obviously would be very pleased to answer your questions.

management changes

Let me very briefly, Mr. Chairman, summarize three points. One is to discuss briefly some of the management changes and improvements we have made in the past year. I know there have been some concerns about that. Secondly, to summarize some of the broader achievements we have made in the past year. And then, thirdly, to talk about the budget.

Mr. Chairman and members, we have continued to streamline our Federal and contractor workforce and we are intensifying our evaluation of grant award processes. We are working to ensure that more of our awards are competitively bid. I know this has been a concern of yours and others and I think we are making progress in that direction.

I have asked the Under Secretary, Dr. Moniz, whom I think you all have had an opportunity to meet and to get to know, to do a better job in the Department of roadmapping our technology work. He is now chairing the Research and Development Council to ensure that we fully synchronize and integrate the work that we do across the complex, focusing on what our key objective is, ensuring that our laboratories are aligned with that work, and more importantly, that we eliminate any duplication occurring throughout the Department.

Examples of that, I think, are the work we are doing in 4D seismic, technology which I think will have extraordinary implications for the private sector and for our country.

elk hills naval petroleum sale

Beyond that, we were very proud this year to, very effectively have sold the largest valued asset ever sold by the government, and that was the Elk Hills Naval Petroleum sale. We brought in \$3.6 billion to the Treasury. That was at least \$2 billion more than had been projected by the Congressional Budget Office, and we've been very pleased with that.

programming achievements

In terms of our programmatic achievements, we have now developed our Comprehensive National Energy Strategy for the country. We've received comments and we hope to finalize that in April.

We continue to maintain leadership in science and technology. We are trying to address this question of energy security in a comprehensive fashion. I'll be happy to elaborate on that this morning, but we see that part of that is diversifying our import base of oil for our country.

And that is why, Mr. Chairman, as you know, I have spent time in the Caspian area and South America to make sure that in terms of security, we are not overly reliant on any one particular part of the world for our imports.

We do continue to provide leadership in science and technology. We are very pleased with the progress we have made with the auto manufacturers and suppliers on the Partnership for a New Generation of Vehicles.

Four years ago, when this administration launched that initiative and I was the Secretary of Transportation, I must say there were some questions about whether this partnership was going to work. If you noticed the announcements made by the Big Three last December in Detroit, where they brought out their new cars for the next century, and you looked at the breakthroughs they had in materials, hybrid engines, fuel cells and other technologies, almost all of those breakthroughs were the direct result of the Partnership for a New Generation of Vehicles.

And that is why we have asked for additional support for the PNGV program. We think it has great promise, and in fact, our partners have also seen it to be quite helpful. They have allowed themselves to accelerate their work in these new vehicles because we are now in a more competitive environment with our competitors in Asia and in Europe. And therefore, this partnership is perhaps even more important than ever before.

We have supported the development of a number of energy-saving technologies, saving industry \$1.8 billion since 1985, with 104 industrial technologies. We have been very supportive of our Clean Coal Technologies. Our air is cleaner today than any time in the past 20 years. The nation's coal utilities emit 25 percent less sulphur today than they did in the 1980's, and yet they burn almost 80 percent more coal.

So we believe these partnerships have been successful, the Clean Coal Technology Program and others, thanks to your strong support and others that we are very proud of.

budget highlights

Let me just quickly summarize the budget highlights. We are proposing \$1.4 billion, an increase of \$379 million above the 1998 appropriation. Most of that increase is for our Strategic Petroleum Reserve, \$160 million.

With regard to the Strategic Petroleum Reserve, we are not calling for any sale of oil in 1999. Let me emphasize that while we are showing \$160 million--and that's the bulk of the

increase--it is actually a decrease from the amount we spent last year. That is because we have brought down our cost.

But you'll recall that in 1998 we had the sale of oil so the sale's receipts offset the cost, and it was indicated as a zero. So because we are not having a sale in 1999, we now have to request the actual number, which is \$160 million.

We are very pleased to report that the funding requirements for maintaining the reserve are below Fiscal Year 1998. We have successfully engaged in our life extension program for the Strategic Petroleum Reserve, and we are also very pleased to note that there are significant savings from prior years in the Naval Petroleum and Oil Shale Reserves budget, where we are requesting 79 percent less than in the Fiscal Year 1998. That is because of the success of the Elk Hills sale this past year.

We are asking for increases in energy efficiency and fossil energy research and development programs, which we feel are needed to produce additional savings for both industry and for consumers, and to play a significant role in reducing energy-related pollutants.

The President's Committee of Advisors on Science and Technology has concluded in its report to the Congress and to the American people, that the research and development investments in energy efficiency have resulted in cleaner air, reduced reliance on imported oil, and lower energy cost to households and businesses.

They urge that we add significant investments for energy efficiency and for renewable fuels. So we have tried to match their request in our budget for this year. The Committee, in fact, reported that DOE's past research investments contributed to efficiency improvements that save American consumers approximately \$170 billion each year.

We have also, in our 1999 budget request, in the area of energy conservation, reflected their recommendation that includes \$774 million, which is an increase of \$182 million, to support cost-shared research.

Let me just emphasize a couple of examples. In industrial technologies, the request of \$167 million supports ongoing research and development with a number of energy-intensive industries to increase energy and resource efficiency. With the help of energy efficiency technologies, we think that industries could save about \$10 billion by 2010.

In the transportation sector, we are requesting \$293 million to expand our work on advanced automotive technologies, heavy vehicle technologies and biofuels energy systems. These technologies could save, we think, one million barrels of imported oil a day by the year 2010.

We've requested increases in our buildings technology in our State programs. Again, we think we can generate significant energy savings in that area.

Our fossil energy request calls for \$383 million, which is an increase of \$21 million from 1998. As we all know, coal supplies more than half of our nation's electricity. It is our most affordable energy resource. It also faces great challenges. We believe that technologically, it is possible to develop a future energy concept that continues to use coal, but essentially eliminating many of the environmental impacts that we're concerned about today.

One of the proposals we are making is this concept of Vision 21, which accounts for a major portion of the increase in our fossil energy budget. But it is, I think, a good example of how we can use long-term, very integrated research making creative uses of current technologies in ways to do a much better job of reducing impacts to the environment.

The one area where we are seeking additional new funding in that sense is carbon sequestration. That's about \$10 million, which is directly aimed at capturing and permanently disposing of carbon dioxide and other greenhouse gas emissions.

Mr. Chairman, I could go on, but I won't. You have all read our request. We very much appreciate your past support. We look forward to working with you in the future as we address these issues.

I think we have presented a proposal that reflects the recommendations of our top scientists in the country. It allows us to continue to be world leaders in much of the research and development and technology that we do for the country, and it allows us to, hopefully, move us in a direction of greater energy security in years to come.

Thank you very much.

[The information follows:]

[Pages 361 - 371--The official Committee record contains additional material here.]

Mr. Regula. Thank you. Mr. Skeen has another commitment with his committee, so we'll go to his questions.

waste isolation pilot plant

Mr. Skeen. Thank you for the accommodation, Mr. Chairman. Mr. Secretary, it's delightful to see you.

As you well know, the Waste Isolation Pilot Plant is scheduled to begin storing waste on receipt of EPA's compliance certification and your decision to begin operations. And also, you're aware that the State of New Mexico is behind schedule on issuance of a RCRA permit, and that the law does not require a RCRA permit for a shipment of nonmixed waste.

While I in no way want to pressure New Mexico's permit issuance process or ship waste if the State is not agreeable, I believe that we should move forward with the State's blessing. And in addition, allow me to preface my questions by requesting that if either of your answers are in the negative, I would appreciate a detailed justification.

The first one is, accordingly, do you intend, as DOE has previously indicated, to begin the shipments of nonmixed waste from INEL, Rocky Flats, Los Alamos immediately after making the formal decision to open WIPP.

Secretary Pena. Congressman Skeen, I don't want to prejudge a decision that I will be making, assuming again, that EPA meets its deadline--and we very much expect EPA to meet its deadline. We very much expect to meet our obligation to indicate that, in fact, WIPP is ready. We have to issue a readiness certificate.

Mr. Skeen. I understand that.

Secretary Pena. We're very much on target, and we believe we're going to make those. You are absolutely correct, and we

are, I guess disappointed is the best word to use, that the State will not be issuing its part B permit until probably September, maybe October of this year.

We had always been hopeful that it would have been issued on a more timely basis, so that all these decisions would coincide with each other.

Mr. Skeen. We're suffering through the same process together.

Secretary Pena. We agree. So at this point, yes, one of the obvious options that's available to the Department, assuming that EPA proceeds with its final decision without any major issues, is to begin to ship nonmixed waste to WIPP.

I believe that even after EPA decides, there is a 30-day period where we must allow that decision to essentially be reviewed. And let me simply say that one of the issues that we cannot anticipate is whether or not there will be litigation which will be brought either by the Attorney General or others to enjoin the Department from moving shipments of one kind or another.

So we want to walk through this very carefully and methodically, because number one, in the event that litigation is brought, we want to be successful in the litigation.

Mr. Skeen. Absolutely.

Secretary Pena. That's why we've been very, very careful in our relationships with all of the governmental bodies involved, both Federal and State. And most importantly, we want to begin to move shipments as soon as possible, because it's very important, not only to Rocky Flats, but as you said, to the State of Idaho and to other sites.

Mr. Skeen. I think you probably answered this next question, but I'll go ahead and get it on the record. In accordance with the previously issued record of decision, the formal decision to open WIPP 30 days after receiving EPA's certification, and I believe that you answered in the positive.

Secretary Pena. That's correct. It must lie for 30 days.

Mr. Skeen. Finally, are you confident that the budget request for WIPP is adequate to begin disposal operations this year?

Secretary Pena. Yes, I am, Congressman. As far as I know the budget that we have is adequate. We are not aware of any significant budgetary matters here. It's simply a matter of getting through all the State and Federal licensing requirements.

Mr. Skeen. Well, a pleasant outcome of this would be a little prong in the State's ear to get their permit done, get it done on time, because we're--it's about time. It's unconscionable to leave this waste above ground in the situation where we have it in today. And there is no excuse for not moving some of the waste and getting it underground.

Thank you. I want to finally thank you for the answers and I look forward to working with you in the effort to resolve this problem. I appreciate the accommodation that you have made, and working with you and your staff has been very pleasant.

Secretary Pena. Thank you very much, Congressman.

Mr. Skeen. We appreciate it.

Secretary Pena. Thank you.

Mr. Skeen. Thank you, Mr. Chairman.

global climate change

Mr. Regula. Just a couple questions, and then we'll go on to Mr. Dicks.

We have had a lot of discussion of global climate change, obviously with the Kyoto Conference it's unlikely, however, that there's going to be any treaty in the near future because the developing nations are simply not willing to participate.

What portion, if you know, in dollars of these proposed increases are directed toward CO2 reductions and toward global climate change activities?

Secretary Pena. Mr. Chairman, the one amount that is exclusively and directly connected to global climate change and carbon dioxide emissions is the \$10 million request for carbon sequestration.

The other increases we have sought build on programs that we have already had in the Department, and they build on the recommendations of the President's Committee of Advisors on Science and Technology.

But they do have an impact on carbon dioxide reductions. When we improve our efficiency, that has an impact on carbon dioxide reductions. When we support other kinds of fuels that emit less CO2, that does reduce carbon dioxide emissions. But again, they build on what we are already doing in the Department.

And I guess the best way I would answer that question--and I have heard that concern from a number of individuals--is to say this: If we had no Kyoto protocol, we ought to be doing these things anyway. They are good for the country. We ought not to be wasting the kind of energy we are wasting today. We ought to find a way to make our country more energy secure, more energy independent. It helps U.S. companies; it makes our economy stronger.

So I think these are things that are correct to do for our country anyway. That is the best way I think I can explain why I am strongly urging that we support these programs, because they are, I think, very helpful.

Mr. Regula. Obviously, it's highly unlikely that our 602(b) allocation will be large enough to accommodate all the increases you are requesting, so we will be back to you at some point to ask your help to prioritize it, given what we have available in making a final markup.

I just want to mention that because the facts of life are that we are not likely to have the \$1.1 billion that the President has proposed as an overall increase for this budget.

caspian region pipeline issues

I am interested in your comment that you have been to the Caspian Sea, because in the long term, that is probably, a pretty sensitive area in terms of supply. There's obviously a lot of discussion over there on which route to go, i.e., through Russia or whether through the southern route.

What's your observation on this? Do you think it will get resolved?

Secretary Pena. Well, Mr. Chairman, that's probably the most important question. Let me, if I might, try to give it a--
--

Mr. Regula. You can do this for the record, if you'd like, because it does have serious implications.

Secretary Pena. It does, Mr. Chairman. And just this week, we were negotiating with our counterparts from Russia, who were here for the tenth Gore Chernomyrdin Commission meeting, and obviously, this is one of those issues.

Let me give a little background, if I might, because this is an important issue, and it does have national security implications.

The United States position is very clear. We support multiple pipelines through the Caspian region. When I went to Azerbaijan on a Presidential mission, I declared there, after meeting with five of the presidents of the countries involved, that our position was that we support a trans-Caspian pipeline, east-west pipelines going from Baku to Ipsa and all the way through Turkey coming down south.

We believe that multiple pipelines will provide the best opportunity for the countries in that region to be economically independent and prosperous in the future. We believe that the multiple pipeline east-west strategy we've articulated is the best opportunity for peace and harmony in that part of the world.

Let me also say that we object to the investments made in Iran. We disagree with the proposal of transmitting gas from Turkmenistan to Turkey through Iran. And so we believe that the option we have provided does give all the countries a very viable option in order not to allow Iran to play a prominent role in that part of the world.

So we have been very clear about our position. We are working very closely with our companies. There are working groups that have been established among the countries. We have met with all the presidents; they have been coming here. I think we're making lots of progress.

Now, where it will all end up is the question you have asked. In October of this year, one of the consortia operating in Azerbaijan will make a decision about what they are calling the main export pipeline. And I have urged the countries to try to meet that same deadline in making judgments about the other options that we have presented.

So that's a very general description of our policy and the work that we've done in the Caspian area.

reason for low gas prices

Mr. Regula. I have a number of questions. One more I might ask, and that is what do you attribute the relatively low price of gasoline right now? Is there an oversupply in the spot market? It makes people happy, obviously, but what is your analysis?

Secretary Pena. In my discussions with the Energy Information Administration and Jay Hakes, whom I know is well known to the committee--and let me praise the work that they do; they have done a very good job in estimating these trends.

There are at least two things occurring. One, obviously,

there has been an impact on world supply and demand because of the Asian market situation. And secondly, there have been some weather patterns which have decreased certain usage, at least over the past several months.

All of that has resulted in a world supply that has been more than adequate to meet the new demand level, which is slightly diminished because of the Asian situation. And as you know, Mr. Chairman, certain countries in the OPEC have increased their production, and given at least perceptions about what was happening in Iraq with their need to produce and export more oil for humanitarian purposes approved by the United Nations--all of those forces have combined to cause spot markets to drop.

I think today the price of oil is \$14 a barrel; I haven't seen today's paper, but it's probably the lowest it's been in a long time, which has resulted in significant reductions in gasoline prices for the American people.

sale of strategic petroleum reserve oil

Mr. Regula. It is not a good time to sell SPR oil, is it?

Secretary Pena. This is the worst time to sell SPR oil, Mr. Chairman.

Mr. Regula. You haven't sold any out of the 1998 budget yet, have you?

Secretary Pena. No, sir.

Mr. Regula. Well, we'll talk more about it. Mr. Dicks.

fast flux test facility

Mr. Dicks. Thank you, Mr. Chairman. Mr. Secretary, I want to welcome you here. We in the Northwest appreciate your help on a variety of issues, including the Bonneville Power Administration and the Hanford Energy Conservation Initiatives.

I wanted to ask you a question. I was pleased when the Department announced its decision to place the Fast Flux Test Facility, FFTF, in a warm standby status to permit its consideration as a possible backup source of tritium.

Because the tritium gas has a halflife of only 12 years, it has to be replenished on a reliable basis in order to ensure that our nation's national security interests are protected.

I also want you to know that there is strong bipartisan support by myself, Senator Gorton and Senator Murray and the Governor on behalf of FFTF at Richland.

And the question I have is what is the timetable for this whole decision on tritium? And if FFTF is to be considered, do you think it would be the right thing to do an EIS at this juncture, rather than if we get to a decision, then we have to go back and do the EIS?

I think the opinion of the delegation is it might be the right time to do it now.

Secretary Pena. I understand.

Mr. Dicks. Just as an option.

Secretary Pena. Right. Congressman, as you know, I went out to visit the facility----

Mr. Dicks. Right.

Secretary Pena [continuing]. And saw the FFTF and talked to

the people who have recommended it. I must say that when I heard the description of the possible use for medical isotopes, I was impressed with the proposal. It needs, obviously, some refinement, but I was impressed with the concept.

We are, as you know, still maintaining the FFTF on a standby basis, and that's what we are requesting in the budget.

Mr. Dicks. Right.

Secretary Pena. My timetable is to meet our obligations to make a decision on tritium this year. I think there has been some sense that it might be towards the end of the year. I am going to do my best to accelerate that decision.

And in that context, we obviously will be addressing the Fast Flux Test Reactor and get a sense of what role it may or may not play in that decision. But we have not made any judgments about that yet. This is a very complicated issue, and I'm trying to evaluate all of the options and obviously, all of the implications involved in the decision.

But that's my timetable.

Your question is whether we should now start an EIS on FFTF, and that was recently brought to my attention as a suggestion, and I must confess I have simply not had time to focus on that and to decide whether or not we should do it now or wait a few months.

So I guess I owe you a more specific answer.

[The information follows:]

Fast Flux Test Facility and the Need to Start an EIS

I intend to make a decision on the Department's tritium production strategy by the end of this year. This decision will address the future status of the Fast Flux Test Facility. I believe that it would be premature to begin preparation of an environmental impact statement (EIS) for the Fast Flux Test Facility at this time, because the Department has not yet determined whether to propose restart of the reactor. Safety and environmental studies have been conducted while the Fast Flux Test Facility has been in standby, and have not identified any safety, environmental or technical concerns that would prevent the Department from proposing a restart. If it is determined that there is a potential role for the Fast Flux Test Facility in our tritium production strategy, then the Department will prepare an EIS to analyze in detail the environmental impacts associated with tritium and medical isotope production prior to any decision to restart the facility. As a part of the EIS process, the public would be actively consulted and involved in the decision making on possible restart of the reactor.

Mr. Dicks. Well, who should I talk to on your staff about this? Who would you want me to confer with?

Secretary Pena. Well, I'm making the decision, so I'm happy to talk to you about it directly, Congressman.

Mr. Dicks. All right, good. Well, we think--there's been some suggestion in the Northwest, well, this might undercut the cleanup effort. I look at this completely differently. In fact, Tom Grunbly, who we worked with very closely and I discussed this many times. My view is that if we can find a low cost way

to deal with the tritium problem that doesn't require you to go out and build a new and very expensive reactor, that that ought to help us be able to ensure that we get the cleanup done, because it puts less pressure on your budget.

So we think this is an alternative that should be looked at, and you are doing that, and that's what we asked for and we appreciate it. And we'll stay in touch on the EIS. But I do think if you're trying to look to speed up the whole process, if we did the EIS at this juncture, it seems to me that that would--and if, for whatever reason, it's picked, then we wouldn't have to go back and do that.

Or maybe it's--it might be your assessment you don't have to do a full-blown EIS on this because it was already licensable. But we'll stay in touch on that.

cleanup at richland, washington

I had one other question. I know the Governor and the Attorney General came in to see you recently on the cleanup program at Hanford. And there's been some concern, you know, about how the new contractor is doing.

Can you give us kind of your assessment of how you think things are going at Richland?

Secretary Pena. Well, Congressman, I think the best way to characterize what has occurred at Richland is that our performance has been mixed. On the tanks, for example, we have completed and started to pump material out of a hundred and nineteen of the tanks. I think we have, obviously, several more to go. Looked at from that perspective, one could say we've done a relatively good job.

The problem is that in December we were to have cleaned up six; we only did three. There were some safety issues that arose. We found gas in one of the tanks, and for safety reasons, our technicians said we ought not to proceed with the other three.

We also found something which nobody had anticipated when the agreement was signed nine years ago--a concrete slab in the middle of one of the tanks. So even when we have judgments based on the best information and evidence we have at a particular time, the nature of this work is that you come across things that nobody anticipated.

So we did not meet that milestone in December. We have asked for a supplemental request from the Congress of \$12 million and \$3 million for reprogramming, which will give us \$15 million, which will allow us to do some more cleanup this year.

Of the three remaining we didn't do in December, we'll do two this year in 1998, and we'll do the other in 1999. So at least we've got a road map. But on that particular project, we are encountering environmental issues, safety issues, and other problems that were not fully anticipated. So we're going to do our very best to get through this and try to be as responsive as possible.

My main priority is to protect the river. I have been there. When I was there I observed, for example, that for many years, the Department had not, for reasons I don't fully understand, been able to conclude that we had impacted the VADOSE zone. I listened to the people there. I made another

study and we concluded that in fact there had been an impact on the VADOSE zone.

That was, I think, a historic admission from the Department of Energy. But I wanted to make sure we were honest with people and that we presented all the facts.

So we know we have a problem there. We are doing everything we can to make sure the river is protected. I think that is the most important thing we can do, and we'll continue to do that.

On some other things that we're doing at the site, I think some things are going very well. As you know, we do have a new contractor. We asked for the contractor to review its own performance after its first year in operation, and we're doing our own independent review of that. There is need for improvement. I think the contractor realizes that.

So we're prepared to continue to work as hard as we can to meet those milestones. As you know, we've missed two--one in December and one that was to have occurred in March. We want to continue to work with the State and with you to determine how best we can proceed.

Mr. Dicks. Thank you.

Mr. Regula. Let's see. Mr. Skaggs.

Mr. Skaggs. Thank you Fusion, Mr. Chairman. Good morning, Mr. Secretary.

Secretary Pena. Good morning.

Mr. Skaggs. I was just sitting here thinking that it was a little over 17 years ago that I reported for duty on the Pena team in the Colorado State House of Representatives.

[Laughter.]

Secretary Pena. Is that right?

Mr. Skaggs. And you haven't aged a bit. I'm going to continue asking you questions that are really within the jurisdiction of the Energy and Water Subcommittee. I'm sure they're going to ask questions about conservation when you get up there, so you'll be tested on flexibility. But it really does kind of interrelate.

Fusion has been kind of a never-ending 25 years on the horizon proposition, but as we look at alternatives to fossil fuels, that's certainly still one of them and it at least relates, I think, to our thinking about solar and renewable and conservation, as well.

How are things on the fusion front?

Secretary Pena. Well, we're still investing in fusion. And you're right, every so many years--and the experts keep hoping that we'll make some breakthroughs over a very short period of time.

Our budget is, I think, an adequate budget for fusion. If you compare it to 1998, you may observe that in 1998, we were funding the ITER program. Because we have reduced that investment for 1999, we are shifting the money that was previously counted towards ITER as the base part of the fusion budget.

So in that sense, we think the fusion budget is adequate. I know there are those who would like for us to invest more money in fusion, but we think we are doing what is a responsible thing.

So we still want to continue to be supportive of fusion. We think it is one of those options that needs to be pursued. We

remain hopeful we'll see much more significant progress, but I think the funding request we have made addresses our priority.

Mr. Skaggs. Is it sufficient to keep, sort of, the United States' relative equity share compared to other countries where it needs to be?

Secretary Pena. Congressman, I believe it is, but just to be accurate, let me go back and review what other countries are doing specifically as a separate fusion investment, separate from the international investments that are being made.

But I think we are still at the table. Obviously, we would like to invest more, but at this point, given all of the priorities that we have in the Department, I think we've made a responsible decision.

filling environmental management assistant secretary position

Mr. Skaggs. I hope you are making progress on filling Al Alm's position. He was a terrific public servant, and I know his leaving left a big hole in your organization. I don't know whether you have anything you might--I'm sure you don't have anything you would feel comfortable in telling us, but we're all anxious to make progress there.

energy conservation budget request

The Chairman mentioned the uncertainty of our 602(b) allocation. I think if you look at the fingers of his right hand, you'll see that he's already been working over Mr. Livingston for our share and is about to lose his fingernails. [Laughter.]

Was that fencing at the farm?

Mr. Regula. Well, it was farm related, yes. I'd file a Workmen's Comp claim, but---

Mr. Skaggs. I wonder whether OSHA has heard about it or not.

Mr. Regula. It wouldn't have qualified for OSHA.

Mr. Skaggs. But I'm encouraged, nonetheless, about obviously the administration's level of commitment on conservation and renewable and think it's very wise as a public investment.

So I hope, Mr. Chairman, we will be able to scrounge around and get something that comes close to meeting these objectives.

Just as a point of reference, if you know or if you could supply this for the record, my hunch is that in inflation adjusted terms and in share-of-budget terms, we're still significantly below where we were a few years ago in the renewable and conservation accounts.

And that might be a useful marker for us to have a handle on as we judge whether these are really exorbitant requests or not.

Secretary Pena. Congressman, you're right. I'm looking for a chart which I know I have in my book, but we can present it to the Committee later. If you go back several years ago, we're still not at the level that we were in this area in terms of investment.

[The information follows:]

But I agree wholeheartedly with your support of this program. If one goes back and reviews the progress we have made as a nation in efficiency, for example, between 1975 and 1986, we saw about a 30 percent improvement.

Since that time, we have seen improvements, but they have not been anything near 30 percent. I think they've been more in the 10 to 15 percent area. And we know that we can still make significant improvements.

So given the kinds of technological breakthroughs that we're seeing every day, it seems, we think that additional investments will make significant impacts in efficiency. And of course, that helps our energy security posture and the other concerns that we have.

I was just handed a chart, Congressman, that shows that in constant 1998 dollars--for example, in 1980, we were at the \$1.5 billion level. In 1981, we were \$1.3 billion. So I can hand this chart to you and you can see that----

Mr. Skaggs. So we're at about--what you're asking for would be roughly 50 percent of where we had been in the early 80's.

Secretary Pena. That's correct.

Mr. Skaggs. I have some more questions, but I think my time is up for now.

Mr. Regula. Okay, Mr. Nethercutt.

K-Basins

Mr. Nethercutt. Thank you, Mr. Chairman. Welcome, Mr. Secretary.

Secretary Pena. Thank you.

Mr. Nethercutt. I want to focus my few minutes on Hanford and the cleanup effort there. The 5th Congressional District of Washington borders the 4th, and I work very closely with Doc Hastings, who has really, frankly, been the leader in our delegation on this issue, the expert on it and the one on whose judgment I think most of us rely, and appreciate his recommendations. I understand he had a meeting with you recently and it was a very good meeting.

Secretary Pena. That's correct.

Mr. Nethercutt. He seems pleased with the Director of Privatization that's been chosen. We are all concerned with, this cleanup, and environmental management effort.

I would hope that you are getting closer to providing a decision on the Assistant Secretary for Environmental Management. I don't know what the status of that is. You're probably not prepared to discuss it here, but I hope you will move ahead on that and use whatever influence you have to get a good person in there, because there are some budgetary challenges, for Hanford.

I also met with the Attorney General of our State regarding the K-Basins problem. I know you're familiar with them. They hold about 2,135 tons of spent nuclear fuel and they are apparently beginning to leak into the environment, which is a great concern to a lot of us.

There's a need to move that spent fuel to storage. I

understand that your schedule to remove the spent fuel has slipped by three years and projected costs have increased from \$740 million to \$1.09 billion.

Last year your Department and the EPA and the State of Washington initially agreed on a removal schedule, but my understanding is there has been a refusal to commit on DOE's part. So I guess the question that I have for you is would you, for the record, state whether the Department is committed to cleaning up the K-Basins.

Secretary Pena. Congressman, I think you're aware of the fact that we have a very nationally reputable company that was working on the K-Basins, but they had received a, I believe a ``cure'' notice from the contractor. And we were all concerned that we had not seen much more progress on the part of that contractor.

I guess the message I want to convey to you and to the Chairman and others is that the Department is now holding our contractors' feet to the fire. And in past years, there was probably a reluctance to take those kinds of actions. But I think we are now doing them. We have the same situation in Pit 9 where that has also occurred.

But we are very focused on this. We are very committed to it. I'm going to have to go back and on the K-Basins issue, give you a more specific sense of the numbers you referred to and our ability to make those kinds of deadlines.

So let me get back to you with a more specific response and not hazard an inaccurate statement this morning.

[The information follows:]

Hanford Spent Fuel Project

The Department is definitely committed to completing the Hanford Spent Fuel Project, which involves removing corroding spent fuel from the Hanford K-Basins and placing it in dry storage until it can be disposed of in a geologic repository. Nevertheless, we do have several challenges to overcome in accomplishing this task. DOE has directed the Hanford Management and Integration (M&I) contractor, Fluor Daniel Hanford (FDH), to propose by mid-April new milestone dates considering all information currently available on the project. After DOE has reviewed this proposal, we will be ready to commit to a date to begin removing spent fuel from the K-Basins.

The December 1997 baseline for the Hanford Spent Nuclear Fuel Project brought the total project cost and schedule estimates to \$1.089 billion and completion by about September 2003. This is in contrast to May 1995 cost and schedule estimates of \$740 million and completion by about September 2001. Several factors account for these increases. First, about \$85 million of the increase was allocated for development of a needed additional treatment process we had not anticipated. FDH also experience delays because of management problems. FDH issued a cure notice last December to its subcontractor requiring remedies for poor performance and recently established a new management team for this project. In addition, at about the same time the December 1997 baseline was approved, FDH began using a new system to track costs, forcing

them to address the cost implications of work orders not previously accounted for in the baseline.

At the same time that FDH was working to establish a reliable cost and schedule baseline for the project, DOE was negotiating with the State of Washington and the EPA (through the Tri-Party Agreement) on legally enforceable milestones. All parties to the Tri-Party Agreement want milestones that have a high confidence of being met. Preliminary results from the ongoing baseline review indicate that schedule changes may be necessary that would add more than a year to the December 1997 baseline as a contingency to reach the necessary level of confidence.

On February 23, I met with Governor Locke and we agreed that, in light of the potentially significant schedule change proposals we expect to receive in April we should postpone establishing legally enforceable milestones for three months (i.e., until May 1998). It will be then, in mid-May, that the Department will be ready to make commitments for the schedule for the K-Basin work.

Mr. Nethercutt. And that's fine, sir. I would hope that you and your Department would meet with the Governor of our State and the attorney general to perhaps avoid some legal consequences by further delay. I think that's advisable to try to work it out and assure our State leaders that you're very serious about this, the Department is, and advise them further of your progress.

Fast Flux Test Facility

Let me just focus on another line of questioning relative to Hanford. I did go visit that reservation last fall, and had a very good visit. I went through FFTF and I also am supportive of having an environmental impact statement process begun on that.

I look at it more for the benefits that it provides for medical isotopes. I've seen evidence that some 69 or 70 nuclear medical people are extremely supportive of the medical benefits of the Fast Flux Test Facility. I have a special interest in health issues, so I would hope that you would take all that into account and look at the very substantial benefits of the medical isotope availability for medical purposes.

So are you favorably disposed or do you want to--I know you're going to make a decision here before the end of the year, as you said, but can you give us any better impression of your----

Secretary Pena. Congressman, I can't give you any more specific information other than what I previously testified to. Let me simply say that when I first reviewed the proposal and went out to visit the site and talked to people, I was impressed with the concept and the ideas there.

Again, we will evaluate all of the options we have before us. I need to make this decision weighing all of the important issues that face the Department and of course, the long-term needs of tritium.

And so we will carefully review all those proposals, all those options and make the best decision for the country.

Mr. Nethercutt. I appreciate your willingness to do that. We've sort of been here before. Your predecessor and I have had this same conversation, I think a couple of years in a row, and so we hope that you'll be expeditious in the decision-making process.

Thank you. Mr. Chairman.

Mr. Regula. Mr. Wamp.

Climate Change

Mr. Wamp. Thank you, Mr. Chairman, and welcome, Mr. Secretary. I want to also thank Assistant Secretary Reicher and also Melanie Kenderdine in your office for the bridges that they have built and the good job they do.

In my opinion, this is the best Energy team that this administration has fielded, and I want to commend you all for what you do. As a Republican member who has deep interest in energy, I really work well with your office and commend you very much for that.

I'm going to try to resist working my way over to the Energy and Water Committee because I've been to those meetings and they've got a full plate of energy priorities. I'm going to try to stay focused on Interior issues. I've got three things and one of them may have to come back around.

First is climate change. Where is the lead laboratory? Where is your lead information source for climate change? We've had the League of Women Voters in Tennessee become active of late, wanting to separate the fact from the fiction, wanting to try to come down on the right side on this issue, and they want good science to drive it.

And I just want to know, from your perspective, where you believe the best source within the Department of Energy comes on this issue of climate change/global warming.

Secretary Pena. Congressman, if the League is asking the question, "What is the role that technology can play in climate change?" I would first refer them to the Five Lab Study that was conducted by five of our laboratories. This is an area where I asked a number of laboratory directors to work together in evaluating technologies that we have today, technologies of the future, making calculations of the amount of carbon that could be reduced and what the cost would be to the entire economy. And so that's one study that I would refer them to.

Secondly, after the President addressed the United Nations, I had further conversations with the laboratory directors, and we are now working on an eleven lab study, where eleven of our labs have come together to give us even better information about this.

But we'd be happy to provide those reports to them and that's one, at least, source that they could start with on the role that technology can play in climate change. And as you know, that is the main role that the Department of Energy plays in the Administration's approach to climate change.

Mr. Wamp. Does the National Science Foundation then headquarter the science behind this issue of climate change, or what is the Department's role? Is it best a collaboration in the Department of Energy and not a specific mission of a

particular site?

Secretary Pena. That's correct, Congressman. But again, the Department of Energy, in my view, is the lead department in the government which is providing guidance to the President on the role of technology in climate change.

Now, we work, obviously, with the National Science Foundation and other departments that have science work. But the Department----

Mr. Wamp. Including the science behind it and the technologies to deal with it.

Secretary Pena. That's correct.

Mr. Wamp. Okay. And you think that determining the science behind it is best the role of all the laboratories working together without a central location?

Secretary Pena. Let me correct my answer, Congressman. No, the Department of Energy is not the lead agency of this science. I misunderstood your question. We are the lead agency of the technology. There are others in the administration who are working on the science.

emissionless vehicles

Mr. Wamp. On a related issue, this notion of emissionless vehicles to drive CO2 emissions down, et cetera, I chaired a hearing of this subcommittee last week where we were talking about the fact that in Bangkok, for instance, the number one CO2 emitter is two cycle moped engines, believe that or not, in a crowded place like Bangkok.

So what is the long-range DOE strategy for working with foundations like the Rockefeller Foundation to promote the manufacturing and exportation of emissionless vehicles from mopeds to small cars to buses to national security vehicles that can create technologies that are efficient and drive down CO2 emissions and export them to the rest of the world.

Because we could do a lot in this country, and if the rest of the world goes to pot on this issue, we're still pretty bad off.

Secretary Pena. Congressman, we're going to do at least three things. One, we are trying to, first of all, get our own house in order, if I can use that expression. And that is to say, develop new cars for the future, which will significantly reduce those emissions.

And I brought with me today, and I'd be happy to give it to the members of the subcommittee, examples of the announcements made by our own manufacturers this past December in their breakthrough technologies: the Chrysler ESX2, projecting fuel economy of 70 miles per gallon, the Ford P2000, 63 miles per gallon, the fuel cells that General Motors is looking at, 80 miles per gallon.

The Department, through the Partnership for a New Generation of Vehicles--and as you know, we are the leading investor in PNGV--this partnership has helped produce these breakthrough technologies.

Point number two is on the international front. The Department is part of an international team that is negotiating with other countries, for example, on joint implementation

projects, in encouraging countries like China to buy the cleanest burning coal technology that our country has, to make that a product that is exportable to places like China and other developing countries. And we're going to continue to work in that area.

With the point you've raised, and that is the mopeds, I need to go back and find out specifically what we are doing in the area of mopeds. I'm sure someone in the Department is working on that. I just don't have it on my fingertips at the moment.

[The information follows:]

Advanced Technology Mopeds

The Department has sponsored the development of advanced battery technology for nearly twenty years. Advanced nickel metal hydride batteries from the Department's programs are being used by General Motors and Chrysler in zero emission electric vehicles. One of the developers from this program, Ovonic Battery Company, has formed strategic alliances with makers of electric bikes and scooters to commercialize this technology worldwide in small zero emission vehicles.

mission of national laboratory community

Mr. Wamp. Very quickly, Mr. Chairman, if I could. A year ago, you and I talked about long-term vision for the National Laboratory System and the fact that in the post-Cold War era, we, as a nation, have not determined what is the primary mission of the National Laboratory community.

It was driven by defense for 50 years, as we all know, and now that the defense mission is not, frankly, needed in terms of weapons proliferation. You and I were at a nonproliferation meeting yesterday. I would just use this forum to encourage you, possibly Senator Domenici and yourself, and I would certainly love to represent the House, to create some national forum to try to establish the post-Cold War mission of our National Laboratory System.

The Galvin Commission came and went. It was more or less an inventory and an analysis. But in terms of recommendations, are we trying to keep people alive to be 100 years old? You know, there's a lot of pieces, but what is the thrust? I mean, with NASA, the thrust is pretty easy to determine. We're either going to go to the moon or go to Mars or whatever the mission is. But the mission for our Laboratory Systems for a long time was to win the Cold War. We did. Now what?

And to me, it's still just a collage without a central thrust. We're going to fund it better if we determine the central thrust. And I think we ought to really set our goals between here and the turn of the century of determining what it is.

Otherwise, we're going to end up at some point running out of resources and people are going to start saying, ``Well, let's just forget this and forget that.'' We've got to determine that national goal.

And I encourage you along those lines. I want to continue each year to encourage you, and I want to participate with you.

Mr. Regula. Did you want to comment? Go ahead.

Secretary Pena. Congressman, I agree with you, and let me simply say that my Under Secretary, Dr. Moniz, is now chairing our R&D Council for the entire Department, and that's precisely what he's doing, focusing on the missions, making sure our R&D work is synchronized to what our goals are for the Department, making sure we've eliminated duplication and that, in fact, the work being done by the labs is going to achieve those particular technological goals that we need to have for the Department.

But we are happy to have that conversation with you.

Mr. Regula. We're going to have a couple of votes here, and I'm not sure, Mr. Skaggs or Mr. Nethercutt, whether you'll be able to get back. So we've got a few minutes yet, if you have a question that you'd still like to ask. And the same with you, Mr. Nethercutt.

Mr. Skaggs. Thank you, Mr. Chairman. Let me put a couple in for the record, particularly, Mr. Secretary, some concerns about the whipsawing effect of one year use restrictions on your renewable side that came out of the Energy and Water Subcommittee, versus no year appropriation here and the bookkeeping complications. But as I say, I'll give you something to respond to for the record, please.

green builder program

For this morning, you may have noticed the coverage at home in Denver about progress made out in Colorado with the Green Builder Program, in which we've had great success in the Denver metropolitan area with much more energy efficient and conserving homebuilding.

My question is are you making any effort, as it seems to be happening in Colorado between homebuilders and mortgage lenders, to try to transfer into the mortgage lending calculation the impacts financially on qualification for loans that having a cheaper energy or less energy expenditures means, and are you working with the national lending quasi-public corporations to affect their policies and get this kind of thing spread through the country?

Secretary Pena. Congressman Skaggs, we think that is a very real opportunity for the country. Recently, Secretary Cuomo and I co-hosted a meeting in his office with representatives of the National Homebuilders Association and other builders.

And we had a specific conversation about how we can work together with homebuilders, particularly with respect to the construction of new homes. There are about a million new homes built every year. There is a base of about a hundred million already built in the country. And they are very interested in working with us to see how we can support more energy-efficiency construction, and then hopefully tie it to some kind of a financing arrangement to encourage that.

Mr. Skaggs. Well, if you haven't reached out to Fannie Mae and the other lending coordinating agencies, I would urge you to do that, because I think that will really put this within reach of the home buyer in a much more practical way.

Secretary Pena. We'll do that.

Mr. Regula. Mr. Nethercutt.

kyoto proposal

Mr. Nethercutt. Thank you, Chairman, and I'll be fast here. Mr. Secretary, you spoke earlier in response to the Chairman about the Kyoto Protocol and what your thinking was about it. I got the impression that you are supportive of it, whether the Senate ratifies it or not. I'm wondering, in connection with your commitment to the goals of the Kyoto Protocol, have you directly or indirectly, within your agency or any agency that you work with, prepared any draft legislation or rules or regulations that you intend to introduce or propose any time before the Senate acts on the Kyoto Protocol?

Secretary Pena. No, Congressman. As you know, we have not submitted the treaty to the Senate because we have not received the support of the developing countries, and so we are not doing any of that work.

What we're doing now is simply adding to the work we're already doing in the Department in energy efficiency and renewables, which has impacts beyond just global climate change, with national security, energy independence, strengthening our economy, et cetera.

And I think the only thing that is ``new'' is the \$10 million request for carbon sequestration.

electricity deregulation

Mr. Nethercutt. Quickly, with regard to the issue of deregulation, electricity deregulation. Are you working on any proposals that would address this issue nationally, working with the Administration?

And second of all, are you proposing that there be any limitations on emissions for carbon dioxide or other greenhouse gases related to electricity generation or consumption?

Secretary Pena. Congressman, it is the Department's view that electricity deregulation, through competition and the encouragement of new technologies will actually reduce carbon dioxide emissions through competition.

Our proposal, as you know, has been completed in the Department. We are now trying to get the entire Administration to speak with one voice on this issue and we're still very hopeful we can make our proposals public because we want to be engaged with the Congress on this issue.

Mr. Nethercutt. Thank you very much.

Mr. Regula. The Committee will suspend for approximately 15 minutes while we vote, and then we'll be back.

[Recess.]

long-range role of coal

Mr. Regula. Okay, we'll reconvene the Committee and get you out of here before lunchtime. Mr. Secretary, what's the long-range role of coal in our economy, and do you, in your program, address this need, if you think there is one?

Secretary Pena. Mr. Chairman, clearly, coal is going to continue to play a significant role in producing energy for our economy. I think estimates are that we have supplies of coal

that exceed 200 years.

So our goal is to try to work with the coal industry in developing new technologies that address some of the more immediate and long-term environmental issues and also efficiency issues that we think are right.

And I must say that we are making lots of progress there. The Clean Coal Technology Program, which you have championed, I think is an example of the kind of successful partnership we have formed with the industry. We have learned from that that when the private sector commits its own resources to leverage the dollars we invest, these programs work.

I think the private sector in the Clean Coal Technology Program has invested 60 percent or more of the funds involved, and so that's now a \$5 billion plus program, largely because of the tremendous contribution made by the private sector.

And with that, we have seen that they've really been committed to these technologies and we've seen some very significant breakthroughs. So we think that we can begin to produce the next generation of clean coal technologies that will give us greater efficiencies and continue to give us a diversified use of energy in our country.

technology development cost-sharing

Mr. Regula. You mentioned that the contribution from the private sector is about 60 percent. Is this the case for most of your programs, where you're getting a match from the private sector? And I'm talking about technological development that is funded by your Department.

Secretary Pena. Mr. Chairman, it depends on what aspect of technological development we are doing. Let me give you another different example.

Recently, our laboratories entered into an agreement with the computer chip manufacturers of the country. It was part of a CRADA, one of these cooperative research and development agreements. And in that case, Intel, AMD, Motorola and some others made a commitment, I think, of \$250 million, where they are basically paying our labs to help do breakthrough technology for computer chips, because we are the world leaders and we want to continue to be the world leader in the next generation of those chips.

So each program is different. But with respect to this particular partnership, I think this is probably one of the best, where we have seen a very significant contribution by the private sector. And I think it's a model that we ought to try to replicate.

Mr. Regula. You're talking about the Clean Coal Program?

Secretary Pena. The Clean Coal Technology Program.

Mr. Regula. Are you getting any success in exporting this technology, because it would seem to me like, particularly China, but probably all of or many of the lesser developed countries are going to depend on coal. And are they showing an interest in getting this technology?

Secretary Pena. They are. Clearly, when we have spoken to the Chinese--and I have--and others, they all recognize that the United States is the leader in clean coal technology. There's no question about that. And they know that our

technology is the best.

When it comes to their making decisions, obviously they need to look at their long-term budgets and their investments, but clearly, they know that if they want the best technology, our country has the best.

So we work with them and try to encourage them to use our companies. Obviously, as you know, the President has asked almost all the members of the Cabinet to help U.S. industry in terms of advocacy, and so we think there is great promise, particularly given what we see in the underdeveloped countries and the tremendous demand for energy they are going to have in the next 10 to 20 years.

working with states and industry to avoid duplication

Mr. Regula. As you know, we had an oversight hearing on energy and we had people from the states and also the private sector, as well as DOE. The purpose was to ensure that we avoid duplication in our research and to hopefully develop a measure of cooperation.

The people from the various states indicated strongly their willingness to participate with DOE. And I wondered where you are, if any progress is being made in developing a closer relationship with the states to avoid duplication and perhaps benefit from their input as to what the needs are in terms of research and otherwise.

Secretary Pena. We agree with that, Mr. Chairman. I have spoken to the National Conference of State Legislatures. I have also spoken to county officials about our R&D work generally, and have asked that we work together on these sorts of issues. I'd be happy to give you a more detailed report on the progress we're making there, but I think you're absolutely correct.

[The information follows:]

Coordination With State Energy Technology RD&D

We are establishing mechanisms to more closely coordinate our efforts in energy efficiency technology research, development and pre-commercial deployment with those sponsored by States. The major mechanism is the development of Memorandums of Understanding (MOUs) between the Department and states having significant energy RD&D programs. These MOUs will result in improved coordination of RD&D efforts including funding and priority setting and more rapid dissemination of information. In addition to the MOU with California, we expect to enter into similar arrangements with several other states--including New York as early as next month. We are working with the Association of State Energy Research and Technology Transfer Institutes (ASERTTI)--which serves as a coordinating organization for state energy R&D efforts--to forge closer R&D partnerships with other states. We are also exploring the use of the EERE web site, already a key mechanism for disseminating information, for providing a means of disseminating the results of state RD&D on energy efficiency technologies.

Secretary Pena. Last week we signed a memorandum of understanding with the California Energy Commission. Of course,

they are going through electric restructuring, but that's an example of where we can do that kind of work. So we very much agree with your analysis of avoiding duplication.

Mr. Regula. And of course, it is important to get industry to buy into the various research programs. They really need to be consulted up front, I think. And do you do that? Do you find out what they are interested in, in terms of what you do, so that they will buy in?

Secretary Pena. We very much want to do that, Mr. Chairman. Dr. Moniz, in chairing our R&D Council, has made the point that as we look at these new technologies, we've got to first ask the question, ``What is really needed?'' What does the private sector require as their priority?

And then, from there, work with our labs, our own DOE people in headquarters and make sure that we shape the R&D work and the actual technology work we do to reflect what is actually needed in the marketplace.

And I think he is going to bring the kind of focus that a number of members have been asking that we have in the Department.

working with other federal agencies

Mr. Regula. The day of the hearing I suggested we would send a copy of your budget justifications to the State and private sector people that were here to get a response. We have gotten some already, and we hope to have more to get their take on it.

We're just trying to make sure we manage these dollars as well as possible, and I think having a partnership with states and the private sector is very profitable in terms of using research money carefully.

Are you making a greater effort to work with the other Federal agencies, i.e., EPA, in particular, because it seems to me you have somewhat the same objectives. They want to reduce emissions; you want to reduce consumption. Then the two go together.

Secretary Pena. We do, Mr. Chairman. First, through the Science Advisor to the President, Dr. Jack Gibbons, who has helped coordinate the work of the Department, but also through OMB to ensure that we eliminate duplication.

For example, in the Partnership for a New Generation of Vehicles, we are the lead contributor in terms of financial resources. But the Department of Commerce has some money, the Department of Transportation has some investments and EPA has some investments.

But we try to shape them in a way to make sure that we do not duplicate the work that we're doing.

partnership for a new generation of vehicles

Mr. Regula. It would seem to me, from the number of news articles that have appeared recently in the press that competition is pushing the auto industry very substantially.

It says in one here from the Los Angeles Times, ``the carmaker is the new green.'' And then ``Step-on-it-buddy,'' Mobil oil saying that they are working with the auto industry

to increase fuel efficiency. And then here's one in the Wall Street Journal about NAVISTAR's choice of suppliers, ``automakers look to diesel engines.''

Do you think that the competition factor will drive the PNGV program enough that we can reduce our input in dollars?

Secretary Pena. Mr. Chairman, I think it's the other way around. Let me be more specific, because I recently had a conversation with the vice presidents who are shaping the PNGV work for the three manufacturers.

What has happened, and I observed this when I was the Secretary of Transportation and when I participated in the European forums on this question, is that for the first time our country is organized.

By that, I mean that for many years it was perceived that the government was not working in a synergistic way with the private sector, not only the manufacturers, but suppliers.

And I don't think it's any secret that perhaps our competitors around the world were doing a better job of synchronizing their work. Now that we are organized, and now that we have a PNGV partnership with a goal of 80 miles per gallon in the year 2004, we have energized our competitors.

And so we are now seeing fierce competition. And I think if you were to have that conversation with our own industry, they would suggest, and they certainly suggested this to me, that our partnership today is even more important than it was when we started it four years ago.

Mr. Regula. With the auto industry?

Secretary Pena. That's right.

carbon sequestration

Mr. Regula. One other question at the moment, and then, Mr. Moran, we'll go to yours. You mentioned about sequestering CO2 I think you have \$10 million in your request for this program.

Secretary Pena. That's correct.

Mr. Regula. Exactly how do you propose to accomplish this? Recognizing that CO2 is the problem, specifically, how do you plan to sequester CO2, or is this a research goal?

Secretary Pena. It's partly research, but there are some ways that one can reuse CO2. For example, our plant in North Dakota, I believe, which is now going to be capturing CO2 and sending it to Canada to reinject into wells, is----

Mr. Regula. Capturing it from?

Secretary Pena. Capturing it from the plant and then literally piping it to Canada to be able to use to inject in recovery operations is one way that you can effectively use CO2. And that's, in a sense, reinjecting it into the earth.

There are other proposals that have been made which we want to explore, but that's the nature of the kind of example that we would like to pursue.

Mr. Regula. So as part of this, would you be funding research grants with the private sector to develop new techniques in the sequestering of CO2?

Secretary Pena. I think, Mr. Chairman--and I'll need to get you more specific information--there will be some private sector participation. But essentially, we want to explore all the opportunities we have to sequester carbon dioxide.

[The information follows:]

Sequestration of CO2

If funds are provided we will pursue research opportunities with the private sector. This pursuit will be on a competitive basis and we will seek cost sharing to the maximum extent possible.

Mr. Regula. It would seem you would have to work cooperatively with agriculture because a tree does a pretty good job of sequestering CO2, as well as no till farming.

Secretary Pena. That's correct. In fact, a couple of weeks ago, we signed another memorandum of understanding with the agriculture industry in another area, but it's related to how we can use their products to produce certain kinds of fuel.

So we think there is great promise in working very closely with the agriculture community.

Mr. Regula. Mr. Moran.

comprehensive national energy strategy

Mr. Moran. Thank you, Mr. Chairman. Nice to see you. Very nice to see you, Mr. Secretary.

I wanted to start with a general question. You said in your testimony that you are drawing this year's budget from a couple of major documents. One is that commission that the President had on science and technology, and then you've got a Comprehensive National Energy Strategy.

This subcommittee held a hearing on a national energy strategy last month. The biggest problem with these national energy strategies is not that they don't make a lot of sense and that a lot of thoughtful well-intentioned people don't put a lot of work into them, but they wind up just gathering dust on shelves, generally.

Now, I know that the Department of Energy's policies keep evolving, but it must be frustrating for you, and I know it's frustrating for a lot of people, veteran civil servants that have worked on these national energy strategies, to see one after another come out.

And one of the problems is that, while they may be used in an initial budget presentation, they often are not followed up on, and that they're not consistently applied across the board in terms of interagency coordination.

I'm glad that in responding to the Chairman's question about this Partnership for a New Generation of Vehicles, you talked about the fact that a number of agencies are working in cooperation on this product.

You probably have a lot of questions on the Clean Air Act and global warming and so on. If not, I'm sure you have from other committees. One of the principal areas that we need to deal with, obviously, is this New Generation of Vehicles that

can give us far more fuel-efficient mileage.

But in addition to the one that you cited in the testimony, we have other ways, rather than simply extending the mileage that you get from normally gas-powered vehicles. Natural gas vehicles is another tremendous area, potential area. But we've got to find a way to store the natural gas, or we've got to create an infrastructure for natural gas vehicles around the country to make it pay. I'd like to know whether we're getting much small business cooperation in that, and what the response seems to be?

One of the frustrating aspects of this issue is that even though the car manufacturers have been cooperative and we've gotten some pretty impressive vehicles now that can travel 80 miles on a gallon of gasoline, people are not buying those.

In fact, if you go with market trends, the market trend is with sport utility vehicles, and the bigger and more gas-guzzling the vehicle, the more likely it is to sell today.

Are you putting research into reducing the gas mileage in those vehicles, or do you just think we have to wait until the cycle turns and people look back to more fuel-efficient models?

The American public is probably going to wind up being the biggest barrier to rational energy policy. And I'd like to get you to make some comments on the record with regard to where we're really going and whether it's worth it to be putting this money into research and development when the public doesn't seem to have any interest in buying the products of this R&D effort.

Secretary Pena. Congressman Moran, you've asked some excellent questions. Let me try to answer all of them. Number one, on the Comprehensive National Energy Strategy, I agree with you that one of the frustrations has been that we have not implemented those strategies perhaps very effectively.

What we are doing is, first of all, in addition to conducting three hearings where we gathered public comments, we are also sharing the document with other Departments in the administration. We will get their comments and we will get that finalized sometime in April.

Then we're going to embark on a round two effort where we begin to identify specific actions that we can take to implement the objectives and the goals in that strategy. So we'll have a sense of what is the actual road map that allows us, with some certainty, to say we're going to be able to reach those objectives.

So we're going to get buy-in from all the Departments. We're going to move on this in a next-step fashion and we're trying to shape our budget in a way that responds to that strategy.

Secondly, on the sport utility vehicles, light-duty trucks, which now exceed the so-called average car in terms of sales, we are, as a goal, attempting to make those vehicles at least 35 percent more fuel-efficient in the next decade.

In addition to that, to respond to your concern about the fact that the consumers, in some cases, for example, are not buying some of these newer vehicles because they are still a bit costly, the President has proposed a series of tax breaks which would take effect when you'd get a vehicle that is twice as efficient and then three times more efficient.

And hopefully that will provide the kind of incentive for consumers to buy these vehicles, once they start coming off the production lines in the early part of the next decade, particularly as a result of PNGV.

Let me also comment about heavy trucks, which are also not as fuel-efficient as they can be. We have just signed an agreement with the Department of Transportation. We are requesting that each of us invest, I believe it's \$5 million, and that will be matched by the private sector--they've already agreed to do this, we had an announcement about this--so that we can increase the efficiency, the fuel efficiency of heavy-duty trucks.

Imagine this--heavy-duty trucks get a little over seven, maybe eight miles to the gallon. If we can just take that to eight and a half or nine miles to the gallon, that will have a significant impact on fuel usage for that industry.

So that's the approach we are taking, and I think given the tremendous response we have seen from the entire automobile industry and the exciting news that is announced almost every month.

For example, a few months ago, we announced a new fuel cell that eventually can go into a car that can run on gasoline, not just on ethanol or methanol or CNG, but on gasoline. We think it gives consumers hope that in a relatively short period of time, we're going to have these vehicles.

And of course, our goal is to have them produced so that they are competitive in terms of price and that they have the same safety standards and the same customer convenience amenities that customers want today in their cars.

tax breaks for fuel efficient vehicles

Mr. Moran. What have the auto manufacturers said about this idea of giving tax breaks just to the fuel-efficient owners of vehicles?

Secretary Pena. Well, I think they are interested in the concept. I think we need to work on refining it, and of course, Treasury will be the one responsible for refining the criteria for how those tax breaks are used.

But it's a conversation that I think there is interest in pursuing, and we are hopeful that this will be the kind of incentive that will allow customers to begin to purchase those vehicles when they come off the assembly line.

Mr. Moran. Thank you, Mr. Secretary.

Secretary Pena. Thank you.

Mr. Regula. Mr. Yates.

electric vehicles

Mr. Yates. Mr. Secretary, I have the impression from recent television shows, that certain automobile manufacturers, are on the verge of placing electric vehicles in the market.

Is my impression wrong from that show? What is the status of electric vehicles?

Secretary Pena. Congressman, as you know, there is the EV1 that is now being leased in California. It is not being--

Mr. Yates. Oh, I didn't know that had gone that far.

Secretary Pena. Yes. The problem is that they are still a

bit costly and so the company has decided not to actually sell them, but to lease them. Obviously, this is a prototype. They are experimenting with this and are trying to see what the response is in California.

In addition to that, the announcements made----

Mr. Yates. When you say ``the company,' ' which company is it?

Secretary Pena. This is GM.

Mr. Yates. GM.

Secretary Pena. Well, in addition to that, the recent announcements made by the Big Three in December, and I brought a chart here that indicates that--suggests that a number of them are looking at everything from parallel hybrid operations. They are now looking at what is called a compressed ignition direct injection engine.

Others are looking at the use of nickel metal hydride batteries. All of these developments have resulted from the Partnership for a New Generation Vehicle that we've had with the Big Three and the auto suppliers.

So we think that electric and dual-use hybrid electric cars are certainly part of the potential future market of our country.

Mr. Yates. There was a company that was manufacturing a fuel cell to power that kind of a car, wasn't there?

Secretary Pena. Yes, there is.

Mr. Yates. Is it still trying to do it?

Secretary Pena. Absolutely. And we are part of that partnership, and we made that announcement about three months ago, which would allow this fuel cell to be used in a car and it can run on at least four different sources of energy.

Their challenge now, now that they've demonstrated that you can actually, for example, use gasoline in a fuel cell, now their challenge--which was a major breakthrough--now their challenge is to reduce its size so that it can actually be put in a practical way into a vehicle.

And thus far, they feel very optimistic that perhaps around 2004 or earlier, that kind of technology would be available for automobiles. But we are part of that research.

Mr. Yates. Can they get it into a Toyota? I see that staff has handed me a Los Angeles Times article, ``Carmakers, the new greens.' ' Iacocca is hawking electric vehicles and General Motors chief John Smith predicts no automakers will succeed in the 21st century if it relies on internal combustion engines.

Do you agree with that?

Secretary Pena. Congressman, I am very cautious about making absolute predictions about the next century.

Mr. Regula. You probably are, too, Mr. Yates.

Secretary Pena. But at any rate--

Mr. Yates. What about the election? [Laughter.]

Mr. Regula. Strike that.

Secretary Pena. I think I'll stick with energy predictions.

Mr. Regula. You'd better take the Fifth.

Secretary Pena. Take the Fifth. I think the point that is being made by Mr. Iacocca and others is that all these industries around the world are recognizing that technological breakthroughs that were once simply discussed are now real.

And that there is now a fast race, a highly competitive

race, throughout the globe in the industry to see who will get there first. And we recognize that in the Department of Energy, and that is why we are working in partnership with these companies.

Ultimately, it will be the marketplace that decides the winners and the losers. But I believe there is a role to play for a number of these vehicles, whether it is compressed natural gas vehicles or electric vehicles or these new compressed ignition direct engine vehicles, and certainly vehicles that are run with fuel cells.

We see great promise, and I think the one thing I have learned in a very short period of years is that we always, it seems to me, underestimate the ability of our scientists and engineers to come up with revolutionary technology.

Mr. Yates. Well, I think we had a Secretary of Energy who did. Oh, this goes back many, many years when we were putting money into the Department of Energy for grants to use for funding energy-saving refrigerators and automobiles and other things.

And he didn't want the money. His wife went out and bought an energy-saving refrigerator. That's in the record somewhere. At any rate, I won't cite his name. [Laughter.]

Well, I see by this article that Daimler-Benz is making these. Is Japan engaged in it, too?

Secretary Pena. Absolutely.

Mr. Yates. Well, it is a race, isn't it?

Secretary Pena. It is a race, and everyone knows it.

Mr. Yates. It is a race. Who's winning it so far?

Secretary Pena. Well, I'd say thus far, there are some early--we see some early movement on the part of some of the companies. I'd want to take my hat off to Daimler-Benz. They always find a way to be on the cutting edge.

The Japanese continue to do that, but Congressman, I want you to know that we are committed not to lose this race. And I think the partnership we have formed with not only the manufacturers, but the suppliers in the entire auto industry is working.

And we want to continue it. We see that it has great promise and I believe we are going to meet our goal of producing this new car for the next century, which will use leap-frog technology. And the kind of lightweight materials we've seen, the other sort of technology breakthroughs we've seen just in four years of the partnership indicate that this relationship has great promise.

Mr. Yates. All right. Thank you, Mr. Secretary. Thank you, Mr. Chairman.

advanced vehicle program

Mr. Regula. Just a couple things. I noticed you had a news release here that the Administration is moving the Advanced Vehicle Program from Defense to Transportation and Energy. That's \$20 million.

I'm not sure we're going to be prepared to pick up that cost, and I assume it would be an additional \$10 million for us and an additional \$10 million for Transportation. Is that correct?

Secretary Pena. Mr. Chairman, let me get you the details on how that breaks down. I think the Department of Transportation has included that in their separate budget with their amount.

Mr. Regula. It probably has.

Secretary Pena. And we have included this in our budget. But we have worked with AARPA, DARPA, depending on what it was called, and they feel very comfortable in allowing us to take the lead in this area.

Mr. Regula. They give us the bill.

Secretary Pena. Let me get back to you on that, Mr. Chairman, and give you a specific answer on how that's going to work.

[The information follows:]

Advanced Vehicle Program

The mission of the Defense Advanced Research Projects Agency (DARPA) of the Department of Defense, in the case of advanced vehicles, is to invest in technology R&D only to the point that the development can be focused on specific applications. Through the Advanced Transportation Technology Consortia (ATTC), DARPA has successfully demonstrated components and complete electric and hybrid electric vehicle propulsion systems. These technologies have tremendous potential to improve the energy efficiency and reduce emissions in commercially important trucks and buses, which contribute a large part of the emissions in urban non-attainment areas, and represent a large part of the nation's transportation energy consumption. The Department of Energy's program will focus on applying the technology developments initiated by the Defense Department to the commercial transportation segment.

In FY 1999, \$10 million has been requested by the Department of Energy to conduct extensive technology validation through the ATTC and its industry partners. DOE's efforts will be focused on medium duty urban delivery and service trucks. This pre-market validation will include component, vehicle, and infrastructure development and testing in cooperation with the vehicle manufacturers, component suppliers, and fleet operators. The Department of Transportation also has requested \$10 million in FY 1999 and will center its efforts on transit buses and similar applications. The program goal is to achieve at least a 50% improvement in energy efficiency with emissions 30% below the Environmental Protection Agency standards for 2004 and beyond. The program will maintain a 50% cost share from the Advanced Transportation Technology Consortia.

expenditures versus products

Mr. Regula. Well, I would hope that if this is the case, that in making the allocation they reduce Defense \$20 million and added \$20 million to ours, or \$10 million to ours and \$10 million to Transportation.

I guess, just to wrap up, and following a little bit with what Mr. Moran mentioned about an energy strategy, we've spent \$20 billion in the life of this agency. And I have to say when I put \$20 billion on this side of the scale and I look over here what's on the product side, it's probably a little skimpy,

given the amount that we've invested.

Would you hope that if we did this in another three or four years that the balance would be better?

Secretary Pena. Absolutely, Mr. Chairman. If one looks at the strategy we're developing and the five goals we have outlined there, and they are all unique. For example, let's just take the one we talked about earlier this afternoon, and that is diversifying our world import base, that is working.

Venezuela is now the largest importer of oil in our country. Mexico is number two. Saudi Arabia is number three. I have the feeling most Americans don't know that.

Mr. Regula. Say that again. Venezuela--oh, it's the largest exporter.

Secretary Pena. Exporter, I'm sorry. Exporter of oil to the United States.

Mr. Regula. To the United States. Go through that. Venezuela is number one.

Secretary Pena. Venezuela, Mexico and Saudi Arabia is number three. Every once and in awhile, Mexico and Saudi Arabia change places. But the point is that our strategy of trying to diversify our import base is working. As you know, we are now focused on the Caspian and we talked about that.

And one of our other goals in our National Energy Strategy is the question of efficiency, just trying to find a way to make our entire economy run more efficiently. And that's why our budget is committed to a number of very specific programs which I think have already shown success in the past. We've simply got to stay the course and do more of it, is also part of that strategy.

So Mr. Chairman, I am very hopeful that we can demonstrate to you concrete progress. As I said to Congressman Moran, the next step of this, once we finalize the Comprehensive National Energy Strategy in April, we will to then establish objectives and have measurable goals so that we can see how we're doing and so that this document doesn't sit on a shelf and is never implemented or used in any practical way.

And that's our effort here, and it's not going to happen overnight. But I think if we can all agree at least on the blueprint and the strategy and the kinds of investments that are needed, then we can go arm in arm and try to get it done.

Mr. Regula. Well, I hope so, because we have a whole stack of these energy strategy reports back here in the office, and we don't need another stack.

Secretary Pena. I agree.

energy information administration

Mr. Regula. The State people who were here at our oversight hearing were complimentary of the EIA and encouraged our Committee to maintain it. Are you keeping significant support for this program within your agency?

Secretary Pena. Yes, we are, Mr. Chairman. I want to applaud Jay Hakes and his entire staff at EIA. They have done a superb job and more and more interested parties, both in the government and the private sector, and frankly, people around the world, are now using their data in ways that demonstrate increased confidence in their accuracy.

Mr. Regula. Are you on the Internet with all your data?

Secretary Pena. Yes.

Mr. Regula. So it's available worldwide.

Secretary Pena. Just about to anybody.

Mr. Regula. How about other countries? For example, the industrial countries, Japan, Europe? Do they, (a) do similar things to what we're doing, and (b) do they make the information available?

Secretary Pena. Mr. Chairman, I would have to go back and ask Jay that question. I'm going to assume that to some extent they do that. We are, as you know, the most open society in the world and we are very willing to share data and information with our own citizens, first of all. And of course, once it's on the Internet, you can get it anywhere.

So let me go back and investigate that question.

[The information follows:]

Energy Information in Foreign Countries

Most countries have some level of energy information and analysis capability. However, the capability may range from part-time responsibility for a lone individual to a full-time staff depending on the size of the country and its capability to commit resources to energy information. Few countries make energy information available in a similar fashion to the United States. In general the United States differs from other countries in three respects: the degree of integration of its energy data collection, analysis and dissemination; the breadth of its dissemination options (press releases, hard copy reports, Internet access, CD-ROM); and its ability to make analyses without the requirement to advocate particular policy positions.

Almost all countries have some form of statistical collection that includes information about population, economic activity, and social data. Usually these activities are in a national statistical office, and often these programs include some amount of energy information such as production, imports, and exports. In some countries the energy data may be provided directly to the government policy makers by industry. Countries differ in the amount, frequency, quality, and timeliness of energy information. In addition, analysis of the data and policy development is often done by a government organization that is separate from the data collecting entity. Dissemination of the data is typically in the form of reports, though a few countries are beginning to provide data on the Internet.

The Canadian government collects a wide variety of information through Statistics Canada (an organization somewhat like the Bureau of the Census in the United States). Energy data collected by Statistics Canada is quality-checked and provided to the public and to government agencies such as Natural Resources Canada. Natural Resources Canada prepares analyses and forecasts for energy policy development. Canadian information is available both in hard-copy reports and electronic form.

Japanese industry groups (such as the Japan Refiners Association) and government agencies (such as the Ministry of International Trade and Industry) collect and disseminate energy information. Analysis of energy information may be done by the Institute of Energy Economics (a non-government organization somewhat like the laboratories associated with the U.S. Department of Energy). Policy development occurs within the Agency for Natural Resources and Energy within the Ministry of International Trade and Industry. Some information is available in hard-copy reports.

The Brazilian government collects national statistics through the

Brazilian Institute of Geography and Statistics and, like Canada, develops analysis and policies through other government agencies. Data are available in hard-copy reports.

South Africa collects energy information through industry sources and its university system. The Department of Mineral and Energy Affairs provides overall coordination of its energy programs and policy development. Dissemination capability has been developed both through publications and electronic means. The United States and South Africa maintain a joint Internet home page for exchanging energy information.

International organizations provide another mode for countries to enhance energy information dissemination. The Asia-Pacific Economic Cooperation program, the European Union, the International Energy Agency, the Latin American Energy Organization, the United Nations, the World Energy Council all collect information from their members. These programs have both broadened the amount of international energy information available to the public and have helped to improve data quality by requiring common definitions and units of measure. In addition, some of the international organizations are beginning to provide information on the Internet. The Asia-Pacific Economic Cooperation program will begin to release a substantial portion of its data on a web page in the spring of 1998. The International Energy Agency, the Latin American Energy Organization, and the United Nations all sell their information on diskettes. Their information on the Internet is much more limited than in the publications.

International organizations recognize the value of work done by EIA. The World Bank believes that strong energy information programs offer a foundation for orderly economic development and sound energy policy decisions. As a result the World Bank is encouraging the creation of organizations like EIA in developing countries.

EIS is working with other countries to share energy information and assist in the improvement of their collection of energy statistics. Some recent examples of energy information cooperation include programs with China, the Philippines, and South Africa. Activities have included training in data collection, review, analysis, modeling, and documentation; sharing of energy data and analysis; training in the development of Internet web pages and other forms of electronic dissemination; and opportunities to meet with policy makers and energy industry experts.

Mr. Regula. It'd be interesting. I think sometimes we're a research resource of the world and we're paying the bill and they're using the information. But maybe that's just as well if we're going to have worldwide CO2 emission reductions.

Let me say again that we want to continue to consult with you on priorities because it's very unlikely that we're going to have the resources available that would allow us to go all the way with your budget. And I hope we will continue to communicate to do the best job possible with what's available.

And in establishing priorities, there was a statement a few years ago that this Committee, particularly the Majority, was conducting an assault on the environment because we didn't come up with all the money.

Well, we were not going to have an assault on the taxpayers, and we don't want an assault on the environment. We want to use these dollars as well and efficiently as possible so Mr. Moran will be happy with the next energy strategy,

right?

Mr. Moran. Well, I think so. As long as the subcommittee continues this line of questioning, I know Secretary Pena fully intends to make use of the work that his agency comes up with under his term. I hope he stays there for a long time to maintain that continuity and consistency.

Mr. Regula. When you do your energy strategy, you apply the Moran test before you bring it to us.

Mr. Moran. The Regula test. Mr. Chairman, can I ask one other, one last question?

Mr. Regula. Sure.

Nuclear Energy

Mr. Moran. Nuclear energy. A group of people came to my office the other day, a couple of weeks ago. They said they were going to bring in some French firm into Virginia to develop a nuclear plant in Virginia around Leesburg.

And I asked them about the technology that France has to recycle the used rods instead of burying them, basically. And Europe is recycling. We don't.

Mr. Regula. Japan must be also.

Mr. Moran. I know Japan is, absolutely. We have the technology. We have the personnel to do it. We just don't have the political environment, seems to be the bottom line.

And I know the Carter administration felt very strongly about that. I'm not sure how strongly the Clinton administration feels. I know my views have changed, just because I'm a little less ignorant than I used to be. I used to be in the nuclear freeze that still, in some areas, in military areas may make some sense. But in terms of its application for commercial purposes, I don't think it makes sense not to look carefully at how the rest of the world is using nuclear power.

What are you thinking in that area, Mr. Secretary, in terms of the recycling instead of the burying of rods?

Secretary Pena. Well, Congressman, the President some years ago embraced the previous policies of many administrations going back to the Carter administration, not to support recycling reprocessing, as we call it.

And there were some very serious nonproliferation reasons for the administration taking that view. Our view being that if we can find a way not to continue to have these materials around and used over and over again, but finally dispose of them permanently, that that would help the general nonproliferation goals of our country and of the world.

And so the President, in embracing that policy, has tried to show leadership for others throughout the world. It is true that France and others continue to reprocess. Russia, obviously, is still in that mode.

But we have had conversations with our Russian colleagues, and particularly in all the Gore Chernomyrdin Commission meetings, about how we can work better together to look at these kinds of processes, again from a nonproliferation perspective.

That's the administration's position to date. I know there have been a number of people who have asked the question, as you have today, whether that policy should be revisited. My

best information is that there is not any indication on the part of the administration to revisit the policy that has been longstanding for many, many decades.

Mr. Moran. Well, okay. I'm sure that's the correct answer, from a political standpoint certainly. But I wonder if this policy really isn't being driven more by political environment rather than the objective efforts and experience of other nations.

Mr. Regula. I might follow up on that. The countries like France and Japan that have intensive use of nuclear sources for their power industry, have they had any real problems in the last 10 years, for example?

Secretary Pena. Mr. Chairman, every once in a while, there are issues that have surfaced, for example, in Japan, very recently, and you probably were aware of certain demonstrations in Europe that were fairly sizeable.

But generally speaking, those countries continue to remain fairly heavily reliant on nuclear power.

Mr. Regula. But they've had the demonstrations, but have they really had problems with the plants exploding or other serious problems?

Secretary Pena. Not in the sense of explosions. There were some concerns in Japan some time ago with some incidents, but I think the Japanese government has been able to address them and resolve them. Questions were raised by certain communities, but not of the Chernobyl type nature.

Mr. Regula. Thank you, Mr. Secretary.

Secretary Pena. Thank you, Mr. Chairman.

Mr. Regula. The committee is adjourned until 1:30.

[The following questions and answers were submitted for the record:]

[Pages 404 - 470--The official Committee record contains additional material here.]

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Department of Energy

Office of Fossil Energy

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Thursday, March 26, 1998.

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

WITNESS

PATRICIA FRY GODLEY, ASSISTANT SECRETARY FOR FOSSIL ENERGY

[Pages 474 - 475--The official Committee record contains additional material here.]

Opening Remarks

Mr. Regula. The committee will come to order. Pat, we are happy to welcome you, and we will put your full statement in the record. Anything you want to say by summarization, we will be anxious to hear from you.

Ms. Godley. Thank you very much. I am very glad to be back before you, of course, as well, and I will make very brief remarks today. I know we are rushed for time. A lot has changed since I appeared before you last year on appropriations matters, but one thing certainly has remained constant. As we discussed last year, fossil fuels continue to provide over 85 percent of our nation's energy. And as we forecasted last year, over the next two decades the figure still is likely to increase.

Meeting our increasing energy requirements creates formidable challenges, Mr. Chairman, especially if we are going to protect the environment while we continue to grow the economy. Since I appeared before you last year, again the Office of Fossil Energy has made significant progress towards meeting these challenges.

In the area of power generation, we continue to obtain excellent data from the clean coal gasification plant that you helped us dedicate last year in Tampa. And we are nearing---

Mr. Regula. Excuse me. Is that working out well?

Ms. Godley. Absolutely. It really is. It is a great demonstration project--very successful.

Mr. Regula. It really seemed to embody all the things we have been trying to accomplish.

Ms. Godley. That is very true, and they have had a lot of visitors looking at that plant and seeing its success. We are also nearing the point where another clean coal plant employing a similar process but also scaled for the independent power market is about to come on line in Reno, Nevada, and you may want to visit that plant as well.

Mr. Regula. Is this a coal plant?

Ms. Godley. Yes, IGCC plant.

Mr. Regula. Embodying the same--get everything but the squeal technology?

Ms. Godley. Right. You have got it, another IGCC plant. These projects are, of course, as you know, pioneering the first fundamentally new advance in coal fired power generation in the last 50 years. In our R&D program, we have tested the largest, highest pressure ratio utility combustion turbine compressor ever built.

This is a critical component in our advanced turbine

systems program that will produce a revolutionary ultra clean gas turbine in the post-2000 time frame. We have completed tests on the first precommercial prototypes of advanced fuel cells, and we have moved into the final phase of our low emissions boiler system.

In the era of oil and gas resource R&D, one of the most important advances in exploration and production technology has been the development of 3-D, our three dimensional seismic imaging. Within the last year, a DOE industry co-sponsored field test has shown how time can be included in the geologic portrait; in effect, adding a fourth dimension to length, width, and depth in multidimensional seismic imaging. The result, again, is an entirely new way to examine a reservoir with fewer wells drilled, less environmental impact, and higher finding rates.

Meanwhile, we have phased out or are phasing out work that has become lower priority for a variety of reasons. For example, the major technical obstacles of atmospheric fluidized bed combustion both for coal and coal waste mixtures have been resolved, and our R&D has reached a successful conclusion. On the other hand, we are concluding our work in refinery related thermodynamics R&D because it offers questionable value to the industry. So we are phasing out as well as continuing important work.

And we are managing taxpayer dollars more efficiently. Our administrative costs have decreased by more than \$22 million since fiscal year 1995, and we have reduced our Federal staff by 20 percent. We remain on track to complete the privatization of the former NIPER facility in Oklahoma, and that will save another \$25 million over five years. And we have completed, as you know, the largest divestiture of Federal property in the history of this government earning \$3.65 billion for deficit reduction through the sale of Elk Hills.

Mr. Regula. How did that amount compare to your estimates?

Ms. Godley. It was higher than our estimates. It was double CBO's estimates. Looking to the future, with unprecedented involvement of universities, national laboratories, industry, and other state and Federal agencies, we have developed a long term strategic plan that more clearly focuses our work on defined goals with measurable outcomes.

This has brought us to the budget that we are presenting to you today. In our fiscal year 1999 budget, we have added funding for a new concept we call Vision 21 that builds on our existing and our advanced technologies that are already in our program. We believe it is technologically possible to develop a future energy concept that continues to use coal and yet has virtually no environmental impact outside of the footprint of the plant, no air emissions, no solid or liquid wastes, and potentially with carbon sequestration no net release of greenhouse gases.

We refer to this concept as an energyplex because rather than producing just electricity, it can also produce fuels and chemicals and process heat for nearby factories, in essence, squeezing every usable BTU out of a lump of coal. That would represent a true breakthrough, of course, in the way we use our most abundant energy resource.

We have also added funding for an expanded research effort

in carbon sequestration, believing that if an affordable way can be developed to capture and dispose of carbon from fossil fuels, it will be much easier to implement a global climate change strategy.

With respect to our oil and gas supply program, one key change is the much tighter integration of both oil and gas exploration and production technology. We still separate them in our budget, but in many respects what we do in one area benefits the other.

There are two new areas though in natural gas research that we were proposing for fiscal year 1999. One is an initiative recommended by the President's Committee of Advisors on Science and Technology, the PCAST report, to resume examining the potential for gas hydrates, methane molecules enclosed in an ice latticework.

Some place the size of this resource of methane in this resource at 46,000 trillion cubic feet to as much as 400 million trillion cubic feet. It is an unimaginable resource if we can perfect the means of recovering it. That is compared to the current estimate of total worldwide gas reserves of just under 5,000 trillion cubic feet. The potential of this resource is immense, and we believe it warrants a new look.

The second effort is to try to understand why gas stripper wells are being abandoned at an alarming rate, a 45 percent increase in abandonments of gas stripper wells between 1995 and 1996.

Mr. Regula. Do you think it is the low price of gasoline?

Ms. Godley. We don't really know what is causing it. That is why we are asking for some money. We think prices may have had something to do with it, but in the past when prices have been that low, that didn't result in these kinds of abandonments. So we are trying to look at some of the technological reasons for that as well.

In our strategic petroleum reserve program we have been able significantly to reduce the costs by reengineering the way we run that program, and, of course, I have already mentioned the Naval Petroleum and Oil Shale Reserves.

So, in short, we are proud of the work we have done, we are proud of the work we are doing, and we think our fiscal year 1999 budget request will help us continue to ensure adequate supplies of affordable and clean energy resources for this country. Thank you, Mr. Chairman.

[The information follows:]

[Pages 479 - 499--The official Committee record contains additional material here.]

elk hills

Mr. Regula. Thank you. I have a lot of questions, but we will try to get around so everybody gets a chance. What happened to the \$3.65 billion you got for Elk Hills?

Ms. Godley. It is dedicated for deficit reduction. We have created some reserve funds that reserve monies from the sale to use, for example, to cover the California teachers settlement requirement. Some of those funds were required to be set aside.

Mr. Regula. Yes. Since you mention that, is that statutory that we have to reimburse the California teachers?

Ms. Godley. The defense authorization statute for fiscal year 1996, which authorized the sale of Elk Hills, also required the Department of Energy to enter into settlement discussions with the State of California settling an old land grant claim that they had for years against the Department. We did that in accordance with the statute.

The statute also required us to set aside funds from the proceeds of the sale--up to nine percent of the net proceeds of the sale to be set aside in a fund to be able to fund that settlement with the California teachers subject to appropriations.

Mr. Regula. Well, is the money there? Because the way it looks in the President's budget, we have to take it out of parks or out of something else, unless we get a specific allocation for it.

Ms. Godley. I don't know the mechanics of the allocation process. I know though that the fiscal year 1996 Act required us to set aside money from the proceeds of the sale. We had done that.

Mr. Regula. Where did they put that money they set aside?

Ms. Godley. It is in a fund at the Treasury. It is set aside in a special account at the Department of Treasury.

Mr. Regula. So we will appropriate it out of a special account at the Treasury?

Ms. Godley. Yes, sir.

Mr. Regula. So it won't score against our 602(b) allocation?

Ms. Godley. I don't know the scoring rules, sir. I do know the money is in an account.

Mr. Regula. I am just making the record here. Were the Tampa and the Nevada plants a result of clean coal technology?

Ms. Godley. Yes, sir.

Mr. Regula. Very interesting. I see that you want to sell SPR oil again according to your budget request.

Ms. Godley. No, sir, we are not proposing the sale of SPR oil in fiscal----

Mr. Regula. Are you saying that it will cost less to operate it?

Ms. Godley. It will cost less. We finished the degassing effort, and while we are still proceeding on the life extension program, it has significantly reduced our budget in this year--the FY 1999 request versus the cost of the FY 1998 request.

Mr. Regula. So you do not believe we should sell any more?

Ms. Godley. We do not believe we should sell more SPR oil.

Mr. Regula. Do you have an offset that we could use to rescind the FY 98 sale?

Ms. Godley. We have not been successful so far in finding an offset, but we are looking.

Mr. Regula. Keep looking please.

Ms. Godley. Yes, sir.

Mr. Regula. Elk Hills--you asked for \$22.5 million. This is for the Naval Petroleum Reserve at Elk Hills. Why do you need money if you sold it?

Ms. Godley. There are a number of activities ongoing, and Elk Hills is part of our contract or purchase and sale agreement with Occidental Petroleum, the purchaser of Elk Hills. Under our contract, we are still liable for cleaning up

certain of the environmental issues at Elk Hills after the sale.

Also, we are continuing to resolve--you might recall, we sort of tabled our equity issues with Chevron, and in exchange for Chevron's agreement not to challenge title to the property, letting us get full value for the sale. We still have to finish up those equity proceedings as well.

Mr. Regula. I am just curious. Will Chevron and Occidental operate it on a joint venture or joint activity?

Ms. Godley. They have a unit operating agreement where Occidental will run the field on behalf of both owners.

carbon sequestration

Mr. Regula. Just in a ballpark figure, how much of your budget request is driven by carbon sequestration or, in effect, global climate change? Of course, the Senate is not likely to approve the agreement from Kyoto. But aside from that, what would you say is allocated to global warming technology in your budget request?

Ms. Godley. With respect to the submission of the Kyoto Treaty to the Senate, as you know, the President has said that one of the conditions of issuing or submitting that treaty to the Senate for ratification consideration is an agreement with developing countries that there will be meaningful participation by developing countries in that treaty. So until that agreement occurs, the President has said that he would not submit the treaty to the Senate.

Mr. Regula. But aside from that, you probably have some dollars in here----

Ms. Godley. We do.

Mr. Regula [continuing]. That are driven by the policy on global climate change, and that is what I am trying to ascertain.

Ms. Godley. Okay. Much of our work, particularly in the advanced power generation program, which is there already, has a beneficial effect on the emission of greenhouse gases, primarily in increasing the efficiency of power generation from coal and gas, which is the primary focus of our program. You get benefits in the emissions of greenhouse gas. So there are multiple benefits. Most of that work is not dedicated solely towards greenhouse gas emissions, but it has a beneficial effect.

Mr. Regula. So, it would probably be there with or without Kyoto?

Ms. Godley. That is correct.

Mr. Regula. It would be just part of an ongoing conservation program?

Ms. Godley. And to, again, increase the efficiency, yes, sir, of our power generation plants, as we have been doing all along. As you know, our program ultimately is looking at creating up to 60 percent efficient coal-fired plants and other coal-fired power generation.

In the area of carbon sequestration, we have had an ongoing program for about two years at about the 1.5 to \$2 million level for the last couple of years looking at different techniques of carbon sequestration. We have asked for an

increase of \$10 million in the fiscal year 1999 budget. So that program would be about \$12 million in fiscal year 1999. That work is principally directed towards the greenhouse gas emissions effort.

strategic petroleum reserve

Mr. Regula. One last question. On the SPR, do we have a commitment to allies in establishing the level of oil we would maintain in SPR?

Ms. Godley. Sure. And if I could add to my carbon sequestration answer just for a second, Kyoto Treaty or not, I think that this country faces an obligation that the rest of the world will give to us and expect us to do something about the lowering of greenhouse gas emissions. So I think that that work is important regardless of whether the Kyoto Treaty is submitted and ratified.

Mr. Regula. Well, I was in Kyoto, and I found the Chinese are very enthused--enthused for us to do it.

Ms. Godley. Right. And, again, that is part of the commitment the President has made with respect to developing nations. With respect to the SPR, we are a member of the International Energy Agency. All the members of that agency have agreed to maintain 90 days' worth of import and net import protection to those countries, and we have that commitment as well.

Mr. Regula. What do we have actually have in reserve now?

Ms. Godley. We have about 70--71 days' worth of protection in government stores in the SPR, and there are additional stores that we rely on in the private sector. I think that we have--I am sorry--we have 63 days in the SPR storage today and industry has about 66.

Mr. Regula. So we are meeting our commitment at this point?

Ms. Godley. We are meeting our commitment. Right. I will say though that the United States has taken the lead in trying to lead the other countries into maintaining government stores. Japan does that, Germany does that, most of the other countries rely on their industrial capacity, but those other countries also have regulatory requirements that really regulate and require by statute or by regulation industry to maintain those stores. We do not impose that restriction on our companies.

Mr. Regula. So they are meeting their obligation one way or the other?

Ms. Godley. That is correct.

Mr. Regula. Mr. Skaggs.

carbon sequestration

Mr. Skaggs. Thank you. Good afternoon. I wanted to start out on a somewhat frivolous semantic point, which is that we seem to be at the beginning of the creation of a new term, ``carbon sequestration,'' which those of us in Washington understand, but one I think starts to fade somewhere a couple of miles to the west. Would ``carbon capture'' work?

Ms. Godley. You have to capture it before you can store it. So it is sort of a two-step process--capturing the carbon from various--for example, for power generation. Once you capture

the CO₂, then you have to do something with it. So capture is part of sequestration.

Mr. Skaggs. People might actually understand that term.

Ms. Godley. Capture and store sort of gets it for me.

Mr. Skaggs. Okay. I didn't know whether there was, you know, a department of terminology within the Department of Energy, and we could put in maybe some report language about how to make this area accessible to the normal American mind.

Ms. Godley. You know, they do define Washington on occasion as five square miles surrounded by reality so that----

Mr. Skaggs. Sometimes that's how they define Boulder, Colorado, too, but that subject would take all afternoon. I am intrigued about this area of research, beside however we talk about it. Can you elaborate a little bit on what we think we might be able to do by way of carbon capture and storage and what particularly promising areas you would anticipate focusing some research grant money toward and who is doing it?

Ms. Godley. Sure, in the Department of Energy, we are proposing to do sequestration work in fiscal year 1999--in the Office of Energy Research, as well as in the Office of Fossil Energy.

The Office of Energy Research is going to look at the fundamental science underlying the idea of capturing carbon and sequestering it or storing it or finding somewhere to put it. They will study the basic mechanisms of carbon capture and sequestration--how is carbon transferred, the science of it, what happens chemically to it? So they will be looking at the basic stuff.

The Office of Fossil Energy is going to be looking more at the applied research end in three main areas. One is how can we enhance natural storage of CO₂--for example, through the trees, through forestry management. I mean, there are natural storehouses of carbon. Or increasing, for example, the productivity of oceans and algae. Incremental improvements on existing technologies would be secondary.

We currently take CO₂ and inject it into oil reservoirs to help increase the productivity of oil. So can we, you know, perfect some of those techniques--reservoir characterization, injection techniques--to maintain the CO₂ in storage. Also ocean disposal is another area that has been successfully demonstrated by other countries or in other countries, and we are involved in participating in some international research on ocean storage of CO₂ as well.

The third area is one that I really am intrigued by, and that is the notion of novel concepts. What haven't we thought about yet? What are some new ways that we might be able to do this? We have already issued a solicitation for that. It is sort of like a golden carrot award where we would try to get beyond the usual folks who do carbon sequestration work into universities, into some laboratories that we might not already deal with.

And we will be issuing some smaller grants up to \$50,000 each and then sort of proceeding through concept development to larger projects and larger grants to people who are more and more successful. And we are hoping to announce within the next couple of weeks the selection of the first round of those novel

concepts projects.

Mr. Skaggs. So, carbonating the ocean?

Ms. Godley. Yes, only it is deep water.

Mr. Skaggs. Doesn't it bubble out just like it does in----

Ms. Godley. It is deep water storage or deep water----

Mr. Skaggs. So at some depth the pressure captures it in a more or less permanent way?

Ms. Godley. Yes, sir.

vision 21

Mr. Skaggs. I wanted to ask about the nonemission power plant you were envisioning. Presumably under that hypothetical technology, something happens to the carbon, and it is rendered nongaseous and used for something else. Again, I am trying to get the flavor of what this might involve.

Ms. Godley. In that case in the Vision 21 concept, and we actually have an illustration that might be helpful, Mr. Chairman, if I could distribute those. Would you mind?

Mr. Regula. You mean a picture?

Ms. Godley. Picture.

Mr. Regula. Thank you.

Ms. Godley. This picture really again emphasizes that Vision 21 concept is not a new start for the Office of Fossil Energy. It is really finding ways to configure the various elements of work that are already ongoing into our program to realize maximum efficiency and environmental impact.

This chart shows one possible configuration of these component parts. There could be many permutations and combinations of these, but it is important, just this as an example, to look at what goes in and then what comes out. A typical power plant, as you know, uses one type of fuel--coal or oil in some cases, nuclear energy and so forth--and produces one product--electricity.

Vision 21 is different in that it would be fuel flexible. Coal and biomass might be the fuels as they are shown here. Natural gas could be. Waste products and so forth also could be fuels for this plant, and it could produce multiple products. Electricity would be one. Fuels and chemicals might be another.

Process heat that could provide heating facilities as well would be multiple products that could come out of this, and so the input--what goes in and what comes out is sort of a new flexible approach. And this approach is an attempt to squeeze again every BTU out of whatever is being burned as a fuel and could result in 80 percent efficiencies for this energy plex, which is a lot.

Mr. Skaggs. I may have misunderstood your characterization during your opening statement. I thought that something happened to the CO₂ that turned it into another product. This is sort of--it is not a black box, but it is an orange box on your chart. I mean, it still begs the question of what do you do with the CO₂. Right?

Ms. Godley. Right. And we don't have a solution to that, but our solution at the moment is and the best one that all of the minds across the world have come up with again is to improve carbon sequestration mechanisms. And that again is what is shown at the bottom of this graphic is to find ways to

capture the CO2 from the process, and we have ways. We would like to perfect those ways and then take the next step under our current knowledge of sequestering that CO2.

Mr. Skaggs. Well, maybe we can visit sometime. I am just interested in what the next chart down here would look like that elaborates on what CO2 sequestration really means.

Ms. Godley. Sure. I would be glad to do that.

Mr. Regula. Will you yield?

Mr. Skaggs. Certainly.

Mr. Regula. Do you have money in here to go from the step on CO2 sequestration to another step?

Ms. Godley. No, we do not.

Mr. Regula. And you don't really know at this moment any technology that will allow that to happen?

Ms. Godley. Well, the step that is here that we have asked for about \$12 million of funding for in FY 1999 is the sequestration piece itself.

Mr. Regula. Okay. So you hope to develop the ability to deal with that?

Ms. Godley. Yes.

Mr. Regula. Thank you.

Ms. Godley. I misunderstood your question.

Mr. Skaggs. I mean, I understand that we don't know yet, and we are trying to find out. But I just wanted to get as much of a flavor as I could, and I infer that if we can make something like this work, it has huge potential for dealing with our Kyoto obligations if we ever assume them?

Ms. Godley. That is right.

fuel cells

Mr. Skaggs. Just a question or two on fuel cells. I assume that a hunk of the fuel cell money would be going toward vehicle application, but I just wanted to again ask you to elaborate a little bit on where we are in R&D on fuel cells and what seems to be the most likely applications that are really going to be seen in the market anytime soon?

Ms. Godley. Yes. The Department has really two related and coordinated but separate fuel cell programs. The one that is pursued in my office, the Office of Fossil Energy, is fuel cells directed towards power generation applications. The Office of Energy Efficiency, the Assistant Secretary Dan Reicher will be testifying shortly, is developing the fuel cell for mobile applications. So that is how the two programs are divided.

Our program again had some very successful demonstrations of both the molten carbonate fuel cell and solid oxide fuel cells technologies in the last year, and we are proceeding with that program--the development of the concepts demonstration.

Mr. Skaggs. Is there any cost in internal research efficiency and having this split between two different outfits of the Department?

Ms. Godley. It is one of the programs that we successfully coordinate. One of the efforts that Undersecretary Moniz has enhanced since he has been at the Department, which is not

directly related to the fuel cell program, is the revitalization of the R&D Council within the Department of Energy. This includes energy research, nuclear energy, energy efficiency, and fossil energy and renewable energy. Assistant Secretaries sit together and do joint planning of the R&D program and look for ways of enhancing our work together.

So, for example, we are developing a power generation roadmap--technology roadmap that involves energy research, nuclear energy, fossil energy, and energy efficiency, which brings together all of our work towards attaining, the perfect power plant of the future.

And so we are coordinating through that effort, but our offices--Dan's and my office already have designed and are implementing that program, and we get the benefits of each other's research applied to different activities.

Mr. Skaggs. Do you Fusion in the fossil area snicker at the prospects of fusion, or do you take it seriously?

Ms. Godley. We take it seriously.

Mr. Skaggs. Thank you, Mr. Chairman.

Mr. Regula. Mr. Wamp.

investments in fossil energy us energy efficiency

Mr. Wamp. Thank you. Again, I would like to commend Mr. Skaggs on his intellect. He is up on the issues, and we are going to miss him. I always wondered what I would look like wearing a bow tie, and I never had the courage to try.

Mr. Regula. Why don't you loan him one?

Mr. Skaggs. I will bring you one, Zach.

Mr. Wamp. I still don't have the courage to try, but you look good. Thanks for coming. I was trying to lighten this up. And I have a real dilemma that I want to share with you because I figured if I served long enough, I would run into a conflict, and Loretta knows what my conflict is.

I don't know whether you know, but I represent the Oak Ridge National Laboratory, which is very professional at energy research and energy conservation, renewables. I also am the Chairman of the TVA caucus, and the Tennessee Valley Authority is about 60 percent reliant, 8 million customers, on fossil power production. So you end up in a real conflict.

I also represent Chattanooga, Tennessee, which may be the best example but certainly one of the best examples in the nation of sustainability and zeroing out our waste and building emissionless vehicles and now exporting those vehicles and working towards energy efficiency.

I have all these different forces all in the same district, and I have people at the Oak Ridge National Laboratory that are working on energy conservation, and I have the difficult task of making sure that while they are working on that, the lights don't go out, and that is a real problem.

If Kyoto survived, that would be a real problem for our Valley and for the region because of fossil. I have to try to work through this, and I raise that dilemma that I have because I have these competing interest in my district I have the UT Space Institute wanting to work on Vision 21. I have people at the lab wanting to work on pieces of Kyoto before the treaty is ever signed, and I want to support those people, but I also

don't want to get the cart before the horse to the point that it paralyzes the ratepayers in a seven-state region that are highly reliant on fossil power production.

As a matter of fact, the Kingston steam plant in my district powered the entire Oak Ridge complex out of one coal-fired plant all through the Manhattan Project. At one time I think they generated 10 percent of the nation's power on a given day out of one facility coal-fired. Now, that is a lot of power.

I raise that because I am going to have a hard time sleeping at night as we try to work through this because I have all these interests among my 600,000 constituents, and requests come left and right from both sides now. I raise that dilemma because I hope to sit at this committee for the next nine years and work through this.

So I throw that out, Dan and Patricia, Mr. Chairman, Loretta, everyone, because I might have the laboratory under my nose about how we are going to deal with this. Because I have a hunch that, like you talked about, Mr. Chairman, that even without Kyoto, you all are marching down this road.

I would like to know a little more about what is after Vision 21, what is after this initial investment? My constituents are wanting to participate, but I have to look a little bit at the bigger picture and say where are we going, how much is that going to cost, and what is it going to actually do?

Because if we are going to ultimately end up in a box or painted into a corner and we are going to reduce fossil emissions to the point that we are going to have to rely on wind or sun and the technology is not there and the production is not there and we have shortages or we have higher rates, I have actually worked to hurt the very people that I am trying to help without meaning to. That is the dilemma in a simple east Tennessee explanation of where I am at. So kind of help me right now start that process.

Ms. Godley. The dilemma that you described for your district is really a challenge for the nation. I think that when you think about we rely in this country--58 percent of our electric power generated in this country is generated by coal. Another opportunity that lies in that is we have more proven reserves of coal in this country than the rest of the world has proven reserves of oil. So there is an opportunity for us there, as well as an economic challenge.

But I think that the investment that we are proposing in fossil energy, as well as the energy efficiency programs, recognize that we have to have a balance of energy resources, as well as balancing our energy production--that we use our energy supply together with decreasing our demand for energy--our energy efficiency efforts. So I think that the Administration's strategy on climate change and on energy security and on continuing to grow the economy is a balance.

The President's commitment is to invest additional money both directly in research through the Federal agencies, as well as to create tax incentives for the development of technology. You know, we are really betting on technology to be able to get us there, as well as voluntary actions by industries across the board to help us get there.

But technology really is going to be the key we believe, and sequestration is one of the very technologies that will help us continue to use fossil fuels and continue to use them in an affordable way so that we are not hurting the economy of your district or other areas of this nation. So it is a balance. It is one that we sort of have to feel our way through as we go along. We will continue to evaluate the impact of the penetration of these technologies as we, move towards 2010, 2012, and the time frame for Kyoto.

Mr. Wamp. Well, I hope that your goal, and I think or I would like to believe that your goal is to stimulate the technologies as quickly as possible so that we don't have to regulate, globally or domestically, our way out of this problem.

I think that is a grave concern of a lot of members from both sides of the aisle here in the Congress so that we don't end up regulating ourself out of this dilemma, but we actually work our way through it with the advancement of technologies. I think we are going to need to say that every time we get together and make sure that there is not an agenda to regulate or ration down fossil power production. I am concerned about that, Mr. Chairman.

Mr. Regula. I might point out to you, Mr. Wamp, and I am going to quote from the Secretary's statement--this is a direct quote, ``By 2020, unless energy growth slows significantly, the United States could be consuming almost one-third more total energy than it did in 1995. Fossil fuels will supply the largest portion of this additional demand.''

So you are saying this is where it is, and we have this huge supply. I think the Tampa or the Nevada demonstrations are the answer. I would like for you to see that Tampa plant, Mr. Wamp. They can use high sulphur coal. They get the sulphur out of it. It is really state of the art, and I was not saying facetiously they get everything but the squeal out of that lump of coal.

Mr. Wamp. This is my second year. I was waiting for you to invite me on a trip.

Mr. Regula. Well, we will wait until it is wintertime to go.

Mr. Wamp. Thank you, Mr. Chairman.

Mr. Regula. But really you would find that Tampa technology absolutely fascinating, and depending on your lifestyle, we could go to Nevada now that you are secretary.

Mr. Wamp. I am a Baptist, Mr. Chairman.

Mr. Regula. Mr. Skaggs, any more questions? We have a lot of questions, but because of time constraints, we will submit them for the record, and I am sure some of the other members will have questions also.

Ms. Godley. Thank you.

[The following questions and answers were submitted for the record:]

[Pages 509 - 578--The official Committee record contains additional material here.]

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Department of Energy

Office of Energy Efficiency and Renewable Energy

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Thursday, March 26, 1998.

DEPARTMENT OF ENERGY

OFFICE OF ENERGY EFFICIENCY AND RENEWABLE ENERGY

WITNESS

DAN W. REICHER, ASSISTANT SECRETARY FOR ENERGY EFFICIENCY AND RENEWABLE
ENERGY

[Page 582--The official Committee record contains additional material here.]

Opening Remarks

Mr. Regula. Thank you. Okay. Now, we go to the Department of Energy, Energy Efficiency, Mr. Reicher, Assistant Secretary for Energy Efficiency and Renewable Energy. Mr. Reicher, your statement will be made part of the record. We will appreciate it if you would summarize.

Mr. Reicher. Mr. Chairman, Mr. Skaggs, Mr. Wamp, I very much appreciate the opportunity to appear before you today. This is my first time testifying on our budget request. Mr. Chairman, there is often a tendency to view energy efficiency as somehow different from our traditional energy investments as some green alternative to the real business of energy.

Given that over 90 percent of the energy we consume today comes from fossil fuel and nuclear fuel, we must use these sources as efficiently as possible. In responding to Mr. Wamp, the investments we make in energy efficiency do not simply save energy, they represent one of the best public investments we can make to ensure the productivity and competitiveness of our economy, and one of the cheapest, least intrusive ways of accomplishing our environmental objectives.

Mr. Chairman, there is also an unfortunate view of some that taxpayer investments in energy conservation programs have

produced few public benefits. In fact, I can state confidently that the \$5 billion appropriated by this subcommittee over the past 15 years has generated tens of billions of dollars in consumer and industry savings, as well as reduce pollution and dependence on foreign oil.

Let me highlight a few key components of our FY 1999 budget request. In industrial technologies, our increased request supports ongoing R&D that will build on remarkable achievements in enhancing energy efficiency and resource efficiency in a number of energy-intensive industries.

Just last month, the Department entered into a new R&D partnership with the agriculture industry to use crops like corn and soybeans instead of oil to make everyday consumer items ranging from paints and plastics to carpets and car parts. The mining industry, which consumes about three percent of industrial energy and produces about 11 percent of all industrial wastes, has asked us to initiate collaborative R&D in fiscal year 1999.

We are also successfully developing advanced turbine systems for industry that are nearly 50 percent more efficient than current stock with 80 percent lower nitrogen oxide emissions. We will also launch an effort to help exploit a monumental inefficiency in our economy. The average American power plant burns three units of fuel to produce only one unit of electricity. The wasted heat energy equals the total amount of energy Japan uses each year. Your funding of our combined heat and power activities will help us turn this waste into productive energy and cost savings.

In transportation, we request additional funds to expand cost-shared R&D on advanced technologies and accelerate deployment with state and local partners. As you know, in January, Chrysler, Ford, and GM unveiled innovative fuel efficient concept vehicles which have resulted in large measure from the Partnership for a New Generation of Vehicles, which this subcommittee has funded.

As representatives of the big three automakers recently wrote to the subcommittee, ``While these new concepts are impressive, significant additional technology breakthroughs and advancements will be required to achieve the ambitious PNGV goals,' ' Mr. Chairman, if we were to pull back our support for PNGV at this time, we could lose the unprecedented global race to produce the clean car of the next century.

We will also work with industry to develop efficient diesel engines for pickups, vans, and sport utility vehicles to raise by at least 35 percent the efficiency of these immensely popular vehicles whose 1998 sales are actually expected to exceed those of passenger cars.

In building technology state and community programs, we request additional funds for technology R&D to help us reach our 2010 goal of improving the energy efficiency of new homes by 50 percent, new commercial buildings by 30 to 50 percent, and existing buildings by 20 percent.

We recognize that our efforts in the buildings area have sometimes been fragmented and unfocused. But we are making progress through strategic planning and reorganization to build an effective organization and R&D program that supports the most promising technologies.

In fiscal year 1999, we will work with the building industry to incorporate energy efficiency technologies and principles in five new 200-home Building America communities. We will also add 85 new Rebuild America partnerships in states and localities across the country to facilitate the deployment of energy efficiency technologies in existing commercial buildings.

We will also weatherize more than 78,000 homes, reducing energy costs for low income and elderly citizens while enhancing local environmental quality and increasing jobs. And we will work with states to coordinate R&D efforts and support their energy priorities through highly leveraged energy efficiency projects.

With an FY 1999 budget request of \$34 million, the Federal Energy Management Program will continue to lead the Federal Government's efforts to reduce its \$8 billion energy bill by improving energy efficiency by 30 percent by 2005 relative to 1985.

The Federal Energy Management Program has developed broad streamlined Super Energy Savings Performance Contracts that allow energy improvements without up-front expenditure of taxpayer dollars. This innovative approach will attract up to \$5 billion in private capital investments and cause a revolution in energy efficiency investments in scores of Federal agencies.

However, we need additional dollars to manage these contracts effectively and provide technical assistance and training so that Federal agencies can seize this opportunity and generate enormous savings. With an increased level of effort, we expect reimbursements to DOE from other agencies to rise significantly after fiscal year 1999 and our budget requirements to decrease in subsequent years.

Mr. Chairman, we have not been successful to date in increasing various agency budgets for Federal energy management. Our private sector approach is indeed our last best hope for bringing down Federal energy costs. I can't stress enough that this is a fiscally wise investment that costs a little bit more now but will save taxpayers billions of dollars down the road.

Finally, Mr. Chairman, I recognize that we must put our financial house in better order. We are increasing the level of competition in selecting contractors. We are also looking carefully at our noncompetitive grants and contracts. We are focusing closely on program evaluation and terminating projects that have reached their goals or don't measure up.

To cite a few examples, we are concluding our research on flywheels, ultracapacitors, and gas turbines for vehicles. With your support, we are also better coordinating our research with state energy R&D programs. Just three weeks ago, we signed an agreement with the California Energy Commission to increase R&D co-funding and decrease duplication.

We are also expanding our collaboration with other DOE programs, including fossil energy, energy research, and nuclear energy. Furthermore, we are developing a clearer budget and a more open budgeting process. Thank you again, Mr. Chairman, and members of the subcommittee for the opportunity to discuss this budget.

[The information follows:]

[Pages 586 - 592--The official Committee record contains additional material here.]

climate change technology initiative

Mr. Regula. Thank you. Let me say up front here I notice you have a 32 percent increase, which, frankly, is not reality. We are going to have to go back to you and say we want to know your priorities, given much less of an increase than that. It is just the facts of life. The President requested \$1.1 billion above our FY '98 enacted bill, but that is like saying he requested zero for Bosnia, which he did. Well, Bosnia has got to be paid for. And so everything is going to have to give.

And maybe while we are going around here with questions, you can have somebody on your team calculate what portion of your budget is driven by global climate change? I am sure a substantial number of the increases are a result of that, and maybe you know already.

Mr. Reicher. In the President's budget, we have identified about \$160 million in the Interior account of our budget as part of the climate change.

Mr. Regula. 160----

Mr. Reicher. Million.

Mr. Regula. Million?

Mr. Reicher. As part of the Climate Change Technology Initiative. What I would say though to echo what Patricia Godley said earlier is that much of what we do in this program responds to not only climate but energy security, economic competitiveness, dealing with traditional air pollutants. So it is quite hard to sort out of this budget what response to climate considerations.

As you know, the carbon dioxide emissions very much track energy use so the more efficient we become, the less we produce. And, therefore, this whole budget in many ways is focused on, as you know, energy efficiency and, therefore, has those benefits.

reorganization of the buildings program

Mr. Regula. I see in your buildings program you have a lot of increases. I am not sure this is consistent with our attempt to consolidate and manage programs better. Would you want to address that?

Mr. Reicher. Yes, I would. Two things, Mr. Chairman. We are reorganizing the buildings program through a strategic plan, which we owe you, and we are working on it diligently. We have, for example, in the interim put a single manager in charge of all of our R&D in the buildings area instead of the split we had earlier. We are decreasing the number of small, little areas of inquiry and trying to consolidate and get much more efficient in what we do.

The second thing I would say though is I think we are really having an impact on buildings overall and their efficiency, and if I could just point this out, this is an ad we just saw in a newspaper out in Nevada selling a new housing development, the most energy efficient new homes in Las Vegas.

No pie in the sky gimmick here. These homes are the result of a professional program sponsored by the United States Department of Energy.

And, interestingly, it goes on to point out that these homes are so well built and insulated that they don't need furnaces. And that is a partnership that we have developed with the building industry to build homes like that all over the country. Let me emphasize, we are not paying for the construction of the homes. What we are paying for is moving that R&D work that we have been doing for so long into real use.

Mr. Regula. That is available to any home builder?

Mr. Reicher. That is available but having homebuilders make that transition into using these advanced technologies is not a simple thing.

Mr. Regula. If I were a homebuilder, could I use the Internet to find out techniques that you have developed through your research to make those houses more efficient?

Mr. Reicher. Some of this is available on the Internet. We are trying to make more of it, but, Mr. Chairman, what I would say is that there is a great deal of technological work that needs to be done to move a homebuilder that might, you know, have a staff of five or ten and is very stretched to the limits in building houses. To make the decision to take that step into these higher technology areas, it is not a simple transition. And what we are trying to do is make it simpler for people by pioneering these activities.

Mr. Regula. Do you have any idea of what the additional costs per square foot on those houses would be as a result of achieving their efficiency?

Mr. Reicher. Well, let me put it this way. I can get you the actual up-front difference, and it is relatively small. But what we can say in a large number of cases is that the life cycle costs--when you look at the cost to buy it and the cost to operate it nets out at zero or less, and, in fact, I was handed a page that says zero in terms of the up-front costs.

But the most important thing I think is the life cycle costs that we are looking at, and you can dramatically reduce those operating costs, and, for example, as I said, eliminate the need for a furnace, which is a big savings in building a house.

Mr. Regula. Do you think you are using the Internet effectively to get the information you develop available to the public?

Mr. Reicher. We are using the Internet, we are using software, a whole host of things in a very aggressive way to move our information out into the public. This is something in our industries program. It is a CD-ROM. There was so much information available that it was actually difficult to just use the Internet, and so we have made this available in a CD-ROM format. And this charts thousands of projects that we have been engaged in with industry looking at efficiency of industrial energy use.

Mr. Regula. Are you working closely with the states and/or local communities on building standards?

Mr. Reicher. Yes. We have a well-developed program in that area to work with states in developing their own energy codes,

and we are trying to move the use of those codes out into a larger number of states than we have been doing over the past few years. But I think it is something that the states are finding very beneficial and we are pushing hard.

fuel cell research

Mr. Regula. Last question. The Japanese are currently producing a fuel cell car, and each of the automakers has announced work they are doing in this area. Why do you think we need to be spending more on fuel cell research if there appear to be breakthroughs by the private sector?

Mr. Reicher. Mr. Chairman, as I said in my opening statement, we are in a real race with other countries. And I think to win that race on fuel cells, it is going to take joint industry-government work. We bring to the table through the government, through the national labs, for example, a great deal of expertise that, frankly, industry wants to make use of.

Secondly, there are speculative investments in some areas of fuel cell research that, frankly, companies are not often able or willing to make. And just as is the case with some of our competitors, government and industry gets together to make sure that the whole package of investments is there so that we can, in fact, win this race.

Mr. Regula. Where does your fuel cell research fit with what Pat Godley was talking about?

Mr. Reicher. Our fuel cell research, first of all, as she said, is focused on developing fuel cells with industry for automobiles. We are also spending some of our money looking at developing fuel cells for use in industrial and residential applications as well.

There is rapid progress being made, for example, in the use of fuel cells actually in homes, and there are fuel cells being used today in commercial buildings to power commercial buildings. And so we are focusing some of our efforts on those as well.

In fact, just to add a point, I think that because it is a simpler approach, we will see a much more rapid implementation of fuel cells in stationary sources like commercial buildings and homes, and we will in vehicles. The vehicles are going to take longer, and it is going to take more money to get us there.

Mr. Regula. I read recently the Wall Street Journal or the Los Angeles Times--I think it was in the Wall Street Journal too that the carmakers are the new greens, and here is Ford spending \$420 million; a boost for fuel cells. And, of course, they have European carmakers involved with them. Do you think that with their investment public funding is still required in this development process?

Mr. Reicher. I do, Mr. Chairman, just to make two quick points. One, as I said, the labs are essential to this work, for example, at Los Alamos, work at Oak Ridge focused on materials. There is a great deal of effort going on in the laboratories that industry needs. Industry tells us they don't have the capabilities in certain areas that we can bring to the table. That is number 1.

Number 2, I just want to make sure you know that we are not

spending these dollars directly on Chrysler, GM, and Ford. What we are doing is this money is going out to build an infrastructure across the United States for all the components and all the capabilities that it is going to take to really have an industry based on fuel cells. So these are component manufacturers. These are the integrators of those components. These are people who are testing the overall systems.

We have to develop, just like we have in other parts of the energy world, an entire infrastructure in this country if we are going to be producing fuel cells in the hundreds of thousands unit bases that we are going to need to use them in vehicles and in homes and commercial buildings.

Mr. Regula. Is there any motor vehicle using a fuel cell commercially at this point?

Mr. Reicher. Yes. I am aware of a couple of experimental larger vehicles. I think they are buses that are operating on fuel cells today.

Mr. Regula. Are there stationary applications for fuel cells that are commercial?

Mr. Reicher. Yes. There are stationary applications that are being used by hospitals. They are being used by commercial buildings. They are being manufactured at a couple of companies around the country. And so they are in use, and we are, frankly, learning a lot from those actual applications.

Mr. Regula. Do you think you are at the point where a decision could be made as to which kind of technology is the most efficient because there are different ways to do this?

Mr. Reicher. That is a good----

Mr. Regula. You might want to answer for the record.

Mr. Reicher. I would like to answer for the record, but what I would say is that the technology of choice I believe very much depends on the application. When you are onboard a car with those constraints, you may end up with something that looks different from what you need if you are powering a hospital.

[The information follows:]

Fuel Cell Technology Choice

The fuel cell technology of choice depends very much on the application requirements and not on a comparison of efficiencies. Within the Department of Energy, the Office of Fossil Energy (FE) is supporting development of fuel cells for large stationary and industrial applications and the Office of Energy Efficiency and Renewable Energy (EERE) is supporting fuel cells for small stationary and transportation applications.

The technology of choice for automotive and most other highway vehicle transportation applications is clearly the proton exchange membrane (PEM) type of fuel cell. In comparison with other fuel types, PEM fuel cell technology is selected because: low temperature (60-80 +C) operation allows faster startup and therefore minimal energy consumed during startup; high power density (1,000 watts/liter) allows it to fit the limited under-hood space available; inherent modular design makes it well suited for the size needed for automotive application (about 50 Kilowatts); and cost projections by

automakers show that PEM fuel cells can potentially meet automotive targets (less than \$50/Kilowatt).

Due to the potential of very low cost for PEM fuel cells, they are now being considered for small stationary applications such as residential, small commercial buildings, and remote power. Within EERE, we have initiated an effort to integrate the PEM development activities among the transportation, buildings, and utility end-use sectors. We are also coordinating our PEM development efforts with other government agencies which are sponsoring development or demonstration activities. EERE is not currently developing any other fuel cell types.

While we have focused our fuel cell development only on PEM fuel cells, progress and potential opportunities in other types of fuel cells are continually monitored. Under FE, high temperature (650-1,000 +C) molten carbonate and solid oxide fuel cells for very large (over 1,000 kilowatt) stationary and industrial applications are being demonstrated. The cost target for these applications is \$1,000/Kilowatt. Unlike automotive, these applications do not require frequent start-up and shut-down. Therefore, high temperature is desirable so that the high quality steam produced can be used for process heat and for driving turbines, leading to very high efficiencies. The low temperature PEM fuel cell, which is the right choice for transportation applications, is not best suited for these very large applications.

fuel cell vehicles

Mr. Regula. Mr. Skaggs.

Mr. Skaggs. Thank you, Mr. Chairman. Good afternoon, Mr. Reicher. You don't have any bad terminology lurking in your bureau, do you?

Mr. Reicher. I will try not to, but we are the Department of Energy.

federal energy management program

Mr. Skaggs. I was intrigued at what I sensed was some frustration on your part in getting your sister departments to take the energy management program opportunity seriously. What can we do to help on that? Should we try to get some kind of language into the GSA, the Treasury Postal bill, or it may be the Chairman and I could team up and get some kind of report language into all of the appropriations bills that would be a little nudge?

Mr. Reicher. Mr. Skaggs, I think a nudge would be helpful, but I think we have a different approach that is going to leverage the private sector funds if we can find the small dollars we need to run this new approach. And let me step back and try to answer your question more broadly and then get to some specifics.

We are, in fact, today, throwing away on the order of \$800 million to a billion in easily recoverable energy savings. And if you look at what that represents to a taxpayer, that is about 200,000 taxpayers' worth of their tax dollars at an average bill of \$5,000. That is a lot of money that we are

throwing away.

We have not succeeded, as I said, in getting agencies to come up with the Federal dollars to make the improvements to the 500,000 Federal buildings to get at this problem. So we have said let us find a different way to do this. And what we have basically said and what we have put into place is a competitive process where energy service companies who are in the business of going into buildings, doing audits, making their own investments in the upgrades, and then sharing in the resulting savings with us.

Our move is in that direction to energy service companies through something with the ponderous name of Energy Savings Performance Contracts. We will have put on the street by the end of this year \$5 billion in contracting authority for Federal building managers. What we need a little more of this year is the money to run those programs.

Just in the last six months, we now have 60 projects in various stages of the pipeline in the western region where we have put the first of these energy savings solicitations out-- 60 projects in the pipeline which is far more projects than we have had in years using this technique. So we are very excited about it.

The other thing I want to stress is that if you give us the money this year, we will be reimbursed by the agencies that avail themselves of our service for our work. And so over time, and we are willing to provide you with a chart that demonstrates this, our requests for you will go down.

Let me provide something to you right now. And if we could pull up the board, you will see on the top, the top chart is the cumulative savings in billions of dollars that we project beginning in FY 1999 through an aggressive implementation of these energy savings performance contracts.

This is in millions of dollars. This is our budget which I say if we fund it adequately this year, we will see a dropoff in what we need as a result of the recovered funds we get from reimbursements. So we think it is a very smart approach to saving a lot of taxpayer dollars, and I do feel strongly about it.

Mr. Skaggs. You should. So you don't need us to be prodding?

Mr. Reicher. I think prodding would help, Mr. Skaggs, very much.

Mr. Skaggs. Is everybody's favorite landlord, the General Services Administration, the best proddee?

Mr. Reicher. It really should be directed at many agencies. These projects we have----

Mr. Skaggs. Why don't you give us an address list and----

Mr. Reicher. I will do that. With these 60 projects, we have the Interior Department, the Labor Department. We have GSA and EPA all coming in through this new process saying we want to sign up to this program, but we need the people, we need the small amount of dollars so we can administer this contracting process.

Mr. Skaggs. Have your people come up to look at the Capitol and our office buildings and what we might do here in the neighborhood?

Mr. Reicher. We have actually gotten a request to help with

that and we plan to.

Mr. Skaggs. So maybe we should put something in the legislative branch appropriations bill too?

Mr. Reicher. We would welcome it. We would like to help with Federal buildings of all sorts.

Mr. Regula. If you will yield?

Mr. Skaggs. Yes, sir.

Mr. Regula. Do you contract with private groups like the labs in Tennessee to do this work on your behalf, or do you do it with in-house people?

Mr. Reicher. The work that we do to administer this program using the big private sector dollars is a combination I believe of our Federal employees with some contractor support. I believe that is the case, and we will get a specific answer to that for the record.

Mr. Regula. The staff is nodding yes. Okay.

Mr. Skaggs. I think you have already covered your perspective on the quality of coordination that goes on between your fuel cell program and your colleagues, so I don't want to cover that again. As I did when the Secretary was in a few weeks ago, I just wanted for the record to flip the coin over and suggest that even though, yes, you are asking for a huge percentage increase over fiscal 1998, even if you got it, we would be at X percent in inflation-adjusted investment of the 1980-81 period--I think was probably the highest in your area. But what is X? Thirds or half or---

Mr. Reicher. Mr. Skaggs, it is in that neighborhood. There were substantially higher budgets for these activities in the early to mid-1980s, and we can provide you with a chart that illuminates that. Oh, I am told it is about one-third of what it was. So it is substantially less.

[The information follows:]

[Page 599--The official Committee record contains additional material here.]

energy efficiency at u.s. embassies

Mr. Skaggs. I just wanted to take a second to put in a plug. Mr. Chairman, in our other subcommittee, Commerce, Justice, State, we had the Undersecretary of State for Administration and some of her folks in a couple of weeks ago. I don't know whether you were there at the time, Ralph.

Evidently, there is some effort now underway to have at our consulates and embassies demonstration applications of our energy conservation and solar technology, which is something that has intrigued me for many, many years, and this is centered between you and the Department of Commerce and the Department of State. You are nodding enthusiastically here.

Mr. Reicher. Yes.

Mr. Skaggs. What have we done and what more can we do to both do the right thing by efficient operation of our posts overseas and also promote American technology?

Mr. Reicher. Well, there is an opportunity to do both to a very large extent, and we have been working with the State Department to actually, number 1, using an approach similar to these Energy Savings Performance Contracts find ways to get

some private sector investments in these foreign embassies so they can upgrade their energy technologies and save money. And, secondly, there is a great deal of interest in the embassies of demonstrating both renewable and efficient technologies, and that is moving along.

industries of the future-laboratory funding

Mr. Skaggs. One final question if I can, Mr. Chairman. I am told that in the Industries of the Future Program that laboratory funding is zeroed out and that the labs can't bid on the competitive solicitation, which I guess maybe makes sense, but I am just wondering if you would explain to us what the rationale and the cost of that might be?

Mr. Reicher. Let me tell you what I think is the case today, and that is that labs can, in fact, participate as subcontractors to a prime contractor bidding for work in the Industries of the Future Program. And what I understand is that unlike perhaps in the past where the money would flow through the prime contractor to the subcontractor, in the new situation the money would flow directly to the lab. But as I understand, we are now in a position where labs can, in fact, participate as subcontractors.

Mr. Skaggs. So if they are, as is many times the case, the unique repository of talent that needs to work on these things, they can get into the act?

Mr. Reicher. As I understand, they can team up and make a bid in the Industries of the Future Program.

Mr. Skaggs. Mr. Chairman, if I could put a couple of questions in for the record, and with apologies I have got another hearing so please excuse me. Thank you, Mr. Reicher.

Mr. Reicher. Thank you, Mr. Skaggs.

Mr. Regula. Mr. Wamp.

Mr. Wamp. Thank you, Mr. Chairman. Mr. Assistant Secretary, I want to thank you for your responsiveness to the problems that I have brought to you in my district, some of which I have already identified today. I guess the average family probably spends more on taxes, their house, and their transportation, their cars, than any three things.

I was just thinking about that. I still have small children so education is not yet up there. I know it is going to be at some point, but those three issues, and we are trying to cut down on the cost of energy for your homes and your cars and all transportation. And you know I have got interest in each of those, and I am going to leave the cars on the side for a second and talk about the houses.

energy efficiency in housing

The Chairman said we are obviously not going to be able to meet your budget request and for you to try to set your priorities. In every committee I have served on in just the few years I have been here, you can't ever get anybody to say I would rather have this than that. They just don't do that. It has got to have it all.

But can you tell us where you get the most bang for your buck in energy efficiency programs and energy conservation

programs for the outside of the house? I think maybe a lot of energy loss is a problem for poor people that at this point may not have that ability to overcome this Government housing, public housing--energy loss must be tremendous there.

Address that and then come into the house and tell me what you think about accelerated replacement programs for appliances where technology is creating a much more efficient appliance because sometimes DOE is the enemy of manufacturers.

But sometimes DOE might be the friend of manufacturers because through the Accelerator Replacement Program, you actually might be able to finally be the friend of manufacturers who are making a much more efficient product. So the Chairman and I both have an interest in that, and if you could take us on the outside of the home and then come inside the home.

Mr. Reicher. First of all, Mr. Wamp, I think the average homeowner spends about \$1,300 a year overall in energy costs to run a house. So it is not insignificant, and that is not including what one spends to power a car. So there is a real opportunity there to save some real money for people.

Looking at a house, there are just a terrific number of things one can do. Many of those off-the-shelf technologies, not exotic technologies, that are available today, and, in fact, I guess we have got one here--one of the best is windows, and these are windows that more and more are going into homes and through something we call our Energy Star Program we are able to make more and more people simply aware of what are the more efficient windows when you go to purchase them. So this is a great way to relatively cost effectively to improve.

Insulation is one of the simplest, whether it is in an expensive house or the home of a poorer person that we might weatherize. There is a great array of opportunities inside a home, as you talk about, and appliances are one of the biggest opportunities.

The heating and ventilating system, the air conditioning system, the refrigerators are technologies that you funded in this subcommittee that have advanced to the point now where the United States will be selling refrigerators in the year 2001 that use the energy that is equivalent to only about a 40 or 50 watt light bulb.

And the refrigerators when we used to call them iceboxes back in the '50s and '60s and '70s were big energy hogs using far, far more energy than that--probably on the order of four or five times. So those appliances, getting those out, telling in a simple way people through this kind of labeling system that this is the refrigerator to buy if you are interested in energy savings. So it is a combination of appliances. It is building materials. It is energy systems through smart thermostats and other kinds of things.

I just wanted to say one more thing. You raised the issue of priorities as did the Chairman. We will do our very best, understanding that there is a limited pot of money, to make sure that we provide you with our priorities as time goes on.

Mr. Wamp. Thank you, Mr. Chairman.

advanced transportation technologies consortium

Mr. Regula. What is the Advanced Transportation Technologies Consortium?

Mr. Reicher. The Advanced Transportation Technologies Consortium is a group of regionally based entities that are interested and have been funded to do innovative things, to try out new technologies in the transportation area. They are located all over the country, and they have funded innovative programs in advanced buses, in cars, electric vehicles, in fueling stations. So it is a way to take R&D work that has been done in the government and move it out into the public.

Mr. Regula. Well, this program has been in the DOD, and it is proposed in this budget to move \$10 million into our budget and \$10 million into the Department of Transportation. Is there any rationale since the DOD has more money than we do?

Mr. Reicher. I will give you the rationale, and I also can provide you with some information about the various consortium members. As I say, they are located all over the country. The rationale, Mr. Chairman, is quite straightforward, and that is that the work that has been funded by the Pentagon for quite a number of years in this area has gotten to a point where the Pentagon has gotten out of it what it needs for its military purposes.

And what we want to do between the Department of Transportation and the Department of Energy is to take those technologies and improve their commercialization. Lots of good technologies that have been funded by the Pentagon now available to the Pentagon, but they have huge potential on the commercial side, and it is time to take that program and move it into the two agencies that focus in this way.

Mr. Regula. It leads to something else, and we have tried to adopt the policy in the committee that we only go to the point where something is commercial and not use Federal dollars to take the next step, which is to market. Would this not appear to violate that policy in some ways?

Mr. Reicher. Well, let me say I may have used a term that doesn't correctly describe what is going on here. These are technologies that still need precommercial kinds of work, whether it is battery-powered vehicles, whether it is fuel cell powered vehicles, buses that run on alternative fuels. It is a whole host of things that need an additional push before they will be ready for commercialization.

Mr. Regula. Could this not be funded within the PNGV budget given the constraints that we have?

Mr. Reicher. This is work that is for the most part larger vehicles, particularly medium and heavy duty kinds of vehicles. PNGV, as you know, focuses specifically on passenger cars, the 80-mile-per-gallon car by 2004. But this is on other kinds of vehicles. And as I say, it is an area of focus that goes beyond the R&D in the PNGV area.

federal energy management program increase

Mr. Regula. You have asked for a 71 percent increase in Federal Energy Management Program, and last year your predecessor told us that if we gave you the legislative authority to use energy savings from performance contracts, you would not need substantial increases in appropriations, and yet

there is a large increase in here.

Mr. Reicher. Well, I should respond to that for the record, but I think there may be a bit of a difference of understanding of the commitment that was made last year. I just do want to stress though that what we can say to you today is that this graph indicates that this would be with adequate funding the high water mark in terms of your funding of the Federal Energy Management Program because, in part, of these reimbursements.

[The information follows:]

Federal Energy Management Program Legislative Authority

In FY 1998, the Department suggested that if the legislative authority was put in place to allow the Federal Energy Management (FEMP) to be reimbursed from the savings it generated through privately financed contracts, that FEMP could forgo the need for \$300,000 of its requested \$2.1 million for Program Direction. FEMP believes that it will generate about \$300,000 in FY 1998 in funding from other agencies using this new authority. The Department did not suggest that the FY 1998 request of \$31.2 million should be reduced by any more than the \$300,000 that could be expected to be recovered in that fiscal year.

energy star award

Mr. Regula. Well, as you know in our conversations, I am great on management, and I hope that (you are still in your shakedown cruise,) by next year you will come in with a lot of evidence of good management, which will reduce your need for as much money.

Mr. Reicher. You and I share the same goal.

Mr. Regula. It is going to be tough this year because all signs point to a 602(b) allocation that will be, at best, flat plus maybe some accommodations to inflation. One last comment. I see that the Maytag Company got the first energy star award. A little bit of parochialism. Maytag owns the Hoover Company, which is in the 16th District of Ohio, and so we will excuse the commercial.

Mr. Reicher. I take due note of that. I actually had the pleasure of giving them that award at a ceremony a couple of evenings ago. And it is an extraordinary--some extraordinary breakthroughs that that company has made in appliances. And they are the first to put this energy star label on their appliances at the factory.

Mr. Regula. Now, can they put that on all the appliances, or just refrigerators, or washing machines?

Mr. Reicher. There are a variety of appliance categories within this program, and it is only those that qualify because they are the high efficiency models. But at the factory, these will now go on so when they go out to whatever the retailer is, someone can simply walk up, look for the star, and know they are going to buy a high efficiency appliance.

Mr. Regula. Well, thank you very much, and we will be back to you. Please be thinking about what your real priorities are because reality is that we are not going to be able to do all these things.

Mr. Reicher. I understand that and we will focus carefully on that, and we will be back to you. Thank you, Mr. Chairman.

Mr. Regula. The committee is adjourned.

[The following questions and answers were submitted for the record:]

[Pages 605 - 669--The official Committee record contains additional material here.]

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Department of Energy

Energy Information Administration

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[Pages 673 - 677--The official Committee record contains additional material here.]

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